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**Kurt Geiger Finance Limited**

Report and Financial Statements

Year ended

31 January 2009

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# **Kurt Geiger Finance Limited**

**Annual report and financial statements  
for the year ended 31 January 2009**

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## **Directors**

D N Christilaw  
N C Clifford  
R E A Farrar Hockley  
A Lee  
S McClymont

## **Secretary and registered office**

D N Christilaw, 75 Bermondsey Street, London, SE1 3XF.

## **Company number**

05466773

## **Auditors**

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

# Kurt Geiger Finance Limited

## Report of the directors for the year ended 31 January 2009

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The directors present their report together with the audited financial statements for the year ended 31 January 2009.

### Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year.

The directors do not recommend payment of a final dividend.

### Principal activities

The principal activity of the company is that of an intermediary holding company. This will continue in the foreseeable future.

### Business Review

On 20 February 2008, Kurt Geiger Finance Limited declared an interim dividend of £3m to Kurt Geiger Holdings Limited.

On 22 February 2008, Kurt Geiger Holdings Ltd and its subsidiaries were sold to funds managed by Graphite Capital Management LLP. The finance costs of £267,000 were written off at this date.

### *Performance for year ended 31 January 2009*

The company's investments continued to perform well during the year

No provision for impairment on the investment value of the shares in group undertakings was considered necessary by directors.

### Directors

The directors of the company during the year and subsequently were:

D N Christilaw  
N C Clifford  
R E A Farrar Hockley (appointed 22 February 2008)  
A Lee (appointed 22 February 2008)  
S McClymont (appointed 22 February 2008)

The directors of the company are also directors of the ultimate parent company, KG Group Holdings Limited.

### Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and

# Kurt Geiger Finance Limited

## Report of the directors for the year ended 31 January 2009 (Continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

Mr D N Christilaw  
Secretary

Date

16/6/2009

# Kurt Geiger Finance Limited

## Report of the independent auditors

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### To the shareholders of Kurt Geiger Finance Limited

We have audited the financial statements of Kurt Geiger Finance Limited for the year ended 31 January 2009 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Kurt Geiger Finance Limited

## Report of the independent auditors (*Continued*)

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### *Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2009 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
London*

Date *16 June 2009*

# Kurt Geiger Finance Limited

## Profit and loss account for the year ended 31 January 2009

	Note	Year ended 31 January 2009 £'000	Year ended 2 February 2008 £'000
Income from shares in group undertakings		3,500	-
Operating profit	2	3,500	-
Interest receivable		1,466	1,085
Interest payable and similar charges	4	(1,846)	(1,251)
Profit on ordinary activities before and after taxation	10	3,120	(166)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.

# Kurt Geiger Finance Limited

## Balance sheet at 31 January 2009

	Note	31 January 2009 £'000	31 January 2009 £'000	2 February 2008 £'000	2 February 2008 £'000
<b>Fixed assets</b>					
Investments	5		28,876		27,616
<b>Debtors</b>	6	3,706		-	
<b>Creditors: amounts falling due within one year</b>	7	(5,096)		(2,905)	
<b>Net current liabilities</b>			(1,390)		(2,905)
<b>Total assets less current liabilities</b>			27,486		24,711
<b>Creditors: amounts falling due after more than one year</b>	8		(15,059)		(12,404)
<b>Net assets</b>			12,427		12,307
<b>Capital and reserves</b>					
Called up share capital	9		12,625		12,625
Profit and loss account	10		(198)		(318)
<b>Shareholders' funds</b>	10		12,427		12,307

The financial statements were approved by the Board and authorised for issue on

16/6/2009

D N Christilaw  
Director



The notes on pages 7 to 10 form part of these financial statements.



# Kurt Geiger Finance Limited

## Notes forming part of the financial statements for the year ended 31 January 2009

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The company has adopted Financial Reporting Standard 20 (FRS 20) 'Share based payments'. This standard requires the recognition of share based payments at fair value at the date of grant. The adoption of this standard has had no impact on the company's financial statements for the year.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

Consolidated financial statements have not been prepared, as permitted by section 228 of the Companies Act 1985 as the company's ultimate parent, KG Group Holdings Limited, is incorporated in the United Kingdom and prepares group financial statements. These financial statements contain information about Kurt Geiger Finance Limited as an individual company and do not contain consolidated financial information as the parent of a group.

Kurt Geiger Finance Limited is a wholly owned subsidiary of KG Group Holdings Limited, a company incorporated in the United Kingdom, which produces a consolidated cash flow statement in accordance with Financial Reporting Standard 1 (FRS 1) revised 1996. Consequently the company has taken advantage of the exemption in FRS 1 revised 1996, from producing a cash flow statement in these financial statements.

The company is also exempt under the terms of Financial Reporting Standard 8 (FRS 8) from disclosing related party transactions with other group companies, on the grounds that at least 90% of the voting rights in the company are controlled within the group and the company is included in consolidated financial statements prepared by KG Group Holdings Limited.

#### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

#### *Finance costs*

Costs of raising debt ('finance costs') are initially capitalised and then amortised to the profit and loss account over the term of the instruments at a constant rate on the carrying amount.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

# Kurt Geiger Finance Limited

Notes forming part of the financial statements  
for the year ended 31 January 2009 (Continued)

## 2 Operating profit

Operating profit is stated after charging/(crediting);

Year ended  
31 January  
2009  
£'000

Dividend receivable from subsidiary undertakings	3,500
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Auditors' remuneration has been borne by Kurt Geiger Limited. The company had no employees or employment expenses during the period. No director received any remuneration for services to the company in the current financial year.

## 3 Employee costs and directors remuneration

There are no employee costs or director's remuneration costs for the year.

## 4 Interest payable and similar charges

	Year ended 31 January 2009 £'000	Year ended 2 February 2008 £'000
Interest on loan notes	1,283	1,094
Interest on amounts owed to group undertakings	296	121
Finance costs written-off in the year	267	-
Amortisation of finance costs	-	36
	<u>1,846</u>	<u>1,251</u>

Finance costs were amortised at a constant rate on the carrying amount of the loan.

## 5 Fixed asset investments

The company owns 100% of the share capital of Kurt Geiger Acquisition Limited, a holding company incorporated in the United Kingdom.

	Loan notes £'000	Investment in shares £'000	Total £'000
At 2 February 2008	14,851	12,765	27,616
Additions during the year	1,260	-	1,260
	<u>16,111</u>	<u>12,765</u>	<u>28,876</u>
At 31 January 2009	16,111	12,765	28,876

Investment in shares includes shares at cost of £12,625,000 and acquisition costs of £140,000.

Additions in the year relate to interest on loan notes.

# Kurt Geiger Finance Limited

Notes forming part of the financial statements  
for the year ended 31 January 2009 (*Continued*)

## 6 Debtors

	31 January 2009 £'000	2 February 2008 £'000
Amounts owed by group undertakings	3,706	-
	<u>3,706</u>	<u>-</u>

## 7 Creditors: amounts falling due within one year

	31 January 2009 £'000	2 February 2008 £'000
Loan notes interest	-	1,105
Amounts owed to group undertakings	5,096	1,800
	<u>5,096</u>	<u>2,905</u>

## 8 Creditors: amounts falling due after more than one year

	31 January 2009 £'000	2 February 2008 £'000
Loan notes	15,059	12,404
	<u>15,059</u>	<u>12,404</u>
Loan notes net of finance costs:		
Maturity:		
In less than one year	-	1,105
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
More than five years	15,059	12,404
	<u>15,059</u>	<u>13,509</u>

The loan notes include accrued interest of £3,009,000 at an interest rate of 9% and are repayable on 22 February 2015.

## 9 Share capital

	31 January 2009 £'000	2 February 2008 £'000
<i>Authorised, allotted, called up and fully paid</i> 12,625,000 ordinary shares of £1 each	12,625	12,625
	<u>12,625</u>	<u>12,625</u>

# Kurt Geiger Finance Limited

Notes forming part of the financial statements  
for the year ended 31 January 2009 (*Continued*)

## 10 Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Shareholders' funds £'000
At 2 February 2008	12,625	(318)	12,307
Dividends payable	-	(3,000)	(3,000)
Profit for the year	-	3,120	3,120
	<hr/>	<hr/>	<hr/>
At 31 January 2009	12,625	(198)	12,427
	<hr/>	<hr/>	<hr/>

## 11 Guarantees and other financial commitments

The KG Group Holdings Limited group's working capital facility from Lloyds TSB Plc and Royal Bank of Scotland Plc is guaranteed by KG Group Holdings and other group companies.

## 12 Ultimate parent company

At 31 January 2009 the company's ultimate parent company was KG Group Holdings Limited which is the parent of both the smallest and largest group of which the company is a member and for which group financial statements are prepared. The group financial statements will be filed with the Registrar of Companies in due course.