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COMPANIES HOUSE

## HUK 10 Limited

### Directors' report and financial statements

for the period ended 29 December 2012

Registered number 07530828

## Company Information

|                            |  |
|----------------------------|--|
| <b>Directors</b>           | Paul McGowan<br>Andrew Pepper  |
| <b>Company secretary</b>   | Howard Gunn  |
| <b>Registered number</b>   | 07530828   |
| <b>Registered office</b>   | 7 River Court<br>Brighouse Business Village<br>Brighouse Road<br>Middlesbrough<br>TS2 1RT                      |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>30 Finsbury Square<br>London<br>EC2P 2YU |
| <b>Bankers</b>             | Natwest Bank Plc<br>106 Linthorpe Road<br>Middlesbrough<br>TS1 2JZ   |
| <b>Solicitors</b>          | Wright Hassall LLP<br>Olympus Avenue<br>Leamington Spa<br>Warwickshire<br>CV34 6BF                             |

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## **Directors' report**

for the period ended 29 December 2012

The directors present their report together with the audited financial statements of HUK 10 Limited ('the company') for the period ended 29 December 2012

### **Principal activities**

The principal activity of the company is that of financial intermediation and non-trading restructuring operations

### **Business review**

The directors are satisfied with the results for the year and expect future growth

### **Results**

The profit for the period, after taxation, amounted to £903,750 (2011 - £337,123)

### **Directors**

The directors who served during the period were

Paul McGowan  
Andrew Pepper

### **Dividends**

During the period the directors declared a dividend of £nil (2011 - £300,000)

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**Directors' report**

for the period ended 29 December 2012

**Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

This report was approved by the board on 5 July 2013 and signed on its behalf



Paul McGowan  
Director

**Independent auditor's report to the members of HUK 10 Limited**  
for the period ended 29 December 2012

We have audited the financial statements of HUK 10 Limited for the period ended 29 December 2012, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 December 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.



**Independent auditor's report to the members of HUK 10 Limited**  
for the period ended 29 December 2012

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Grant Thornton UK LLP*

William Pointon (Senior statutory auditor)

for and on behalf of  
**Grant Thornton UK LLP**

Chartered Accountants  
Statutory Auditor

London

5 July 2013

**Profit and loss account**

for the period ended 29 December 2012

|  |             | <b>52 week period<br/>ended<br/>29 December<br/>2012<br/>£</b> | <b>Period from 15<br/>February 2011 to<br/>31 December<br/>2011<br/>£</b> |
|--|-------------|--|---|
|  | <b>Note</b> |  |   |
| <b>Turnover</b>                                      | 1,2         | <b>2,162,762</b>   | 232,915   |
| Administrative expenses                              |             | (1,724,489)  | (267,152)   |
| Other operating income                               | 3           | 1,916,127  | 3,177,430   |
| Other operating charges                              |             | (132,358)  | (20,431)  |
|  |             | <hr/>  | <hr/>   |
| <b>Operating profit</b>                              | 4           | <b>2,222,042</b>   | 3,122,762   |
| Interest receivable and similar income               | 6           | 723,219  | 258,783   |
| Interest payable and similar charges                 | 7           | (1,201,919)  | (3,000,801)   |
|  |             | <hr/>  | <hr/>   |
| <b>Profit on ordinary activities before taxation</b> |             | <b>1,743,342</b>   | 380,744   |
| Tax on profit on ordinary activities                 | 8           | (839,592)  | (43,621)  |
|  |             | <hr/>  | <hr/>   |
| <b>Profit for the financial period</b>               | 13          | <b>903,750</b>   | 337,123   |
|  |             | <hr/>  | <hr/>   |

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 7 to 12 form part of these financial statements




## Balance sheet

as at 29 December 2012

|  | Note | 29 December<br>2012<br>£ | 31 December<br>2011<br>£ |
|--|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                                  |      |                          |                          |
| Investments  | 9    | 4                        | 4                        |
| <b>Current assets</b>                                |      |                          |                          |
| Investments  |      | -                        | 1                        |
| Debtors  | 10   | 4,635,338                | 1,316,105                |
| Cash at bank   |      | 6,670,265                | 2,959,092                |
|  |      | <u>11,305,603</u>        | <u>4,275,198</u>         |
| <b>Creditors</b> amounts falling due within one year | 11   | <u>(10,364,733)</u>      | <u>(4,238,078)</u>       |
| <b>Net current assets</b>                            |      | <u>940,870</u>           | <u>37,120</u>            |
| <b>Net assets</b>                                    |      | <u>940,874</u>           | <u>37,124</u>            |
| <b>Capital and reserves</b>                          |      |                          |                          |
| Called up share capital                              | 12   | 1                        | 1                        |
| Profit and loss account                              | 13   | 940,873                  | 37,123                   |
| <b>Shareholders' funds</b>                           | 14   | <u>940,874</u>           | <u>37,124</u>            |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 July 2013

  
Paul McGowan  
Director

The notes on pages 7 to 12 form part of these financial statements

**Notes to the financial statements**  
for the period ended 29 December 2012

**1 Accounting policies**

**1.1 Basis of preparation of financial statements**

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of non-trading restructuring services supplied during the period, exclusive of Value Added Tax.

**1.3 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**1.4 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

**1.5 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**1.6 Other operating income**

Other operating income is income earned from financial intermediation.

## Notes to the financial statements

for the period ended 29 December 2012

### 2. Turnover

The whole of the turnover is attributable to the principal activity of the company

All turnover arose within the United Kingdom

### 3 Other operating income

|                        | 52 week period<br>ended<br>29 December<br>2012<br>£ | Period from 15<br>February 2011 to<br>31 December<br>2011<br>£ |
|------------------------|---|--|
| Other operating income | 1,916,127   | 3,177,430  |

### 4 Operating profit

Auditor's remuneration for the period ended 29 December 2012 was borne by Hilco Capital Limited (formerly Hilco UK Limited) (2011 - £2,525)

The operating profit is stated after charging/(crediting)

|                                | 52 week period<br>ended<br>29 December<br>2012<br>£ | Period from 15<br>February 2011 to<br>31 December<br>2011<br>£ |
|--------------------------------|---|--|
| Difference on foreign exchange | (17,887)  | 405  |

### 5 Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2011 - £NIL)

### 6. Interest receivable

|  | 52 week period<br>ended<br>29 December<br>2012<br>£ | Period from 15<br>February 2011 to<br>31 December<br>2011<br>£ |
|--|---|--|
| Interest receivable from group companies | 723,219   | 258,783  |

## Notes to the financial statements

for the period ended 29 December 2012

### 7 Interest payable

|                                  | 52 week period<br>ended<br>29 December<br>2012<br>£ | Period from 15<br>February 2011 to<br>31 December<br>2011<br>£ |
|----------------------------------|---|--|
| On bank loans and overdrafts     | 1,919   | 3,000,801  |
| On loans from group undertakings | 1,200,000   | -  |
|                                  | <u>1,201,919</u>                                    | <u>3,000,801</u>   |

### 8. Taxation

|   | 52 week period<br>ended<br>29 December<br>2012<br>£ | Period from 15<br>February 2011 to<br>31 December<br>2011<br>£ |
|---|---|--|
| <b>Analysis of tax charge in the period</b>         |   |  |
| UK corporation tax charge on profit for the period  | -   | 43,621   |
|   | <u>-</u>  | <u>43,621</u>  |
| Foreign tax on income for the period                | 472,679   | -  |
| Foreign tax adjustments in respect of prior periods | 366,913   | -  |
|   | <u>839,592</u>                                      | <u>43,621</u>  |
| <b>Tax on profit on ordinary activities</b>         |   |  |

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

|  | 52 week period<br>ended<br>29 December<br>2012<br>£ | Period from 15<br>February 2011 to<br>31 December<br>2011<br>£ |
|--|---|--|
| Profit on ordinary activities before tax   | <u>1,743,342</u>                                    | <u>380,744</u>   |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%) | 427,119   | 100,897  |
| <b>Effects of</b>  |   |  |
| Expenses not deductible for tax purposes   | -   | 61,722   |
| Higher rate taxes on overseas earnings   | 472,679   | -  |
| Adjustments to tax charge in respect of prior periods  | 366,913   | -  |
| Double taxation relief   | (427,119)   | -  |
| Group relief   | -   | (118,998)  |
|  | <u>839,592</u>                                      | <u>43,621</u>  |
| <b>Current tax charge for the period (see note above)</b>  |   |  |

## Notes to the financial statements

for the period ended 29 December 2012

### 9 Fixed asset investments

|  | Investments<br>in subsidiary<br>companies<br>£ |
|--|--|
| <b>Cost or valuation</b>               |  |
| At 1 January 2012 and 29 December 2012 | 4  |
| <b>Net book value</b>                  |  |
| At 29 December 2012                    | 4  |
| At 31 December 2011                    | 4  |

#### Subsidiary undertakings

At 29 December 2012, the company held an investment in the following subsidiary undertaking

| Name           | Class of shares | Holding |
|----------------|-----------------|---------|
| HUK 17 Limited | Ordinary        | 100 %   |
| HUK 18 Limited | Ordinary        | 100 %   |
| HUK 19 Limited | Ordinary        | 100 %   |
| HMV Canada Inc | Ordinary        | 100 %   |

The aggregate of the share capital and reserves as at 29 December 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

| Name           | Aggregate of<br>share capital and<br>reserves<br>£ | Profit/(loss)<br>£ |
|----------------|--|--------------------|
| HUK 17 Limited | 1  | -                  |
| HUK 18 Limited | 1  | -                  |
| HUK 19 Limited | 1  | -                  |
| HMV Canada Inc | (16,718,690)                                       | (4,384,863)        |

The functional currency for HMV Canada Inc is Canadian dollars. The loss for the period was CAD 7,052,000 and the aggregate of share capital and reserves at 29 December 2012 was a deficit of CAD 26,888,000

### 10 Debtors

|                                    | 29 December<br>2012<br>£ | 31 December<br>2011<br>£ |
|------------------------------------|--------------------------|--------------------------|
| Trade debtors                      | -                        | 14,680                   |
| Amounts owed by group undertakings | 3,926,348                | 297,060                  |
| Prepayments and accrued income     | 708,990                  | 1,004,365                |
|                                    | <b>4,635,338</b>         | <b>1,316,105</b>         |

**Notes to the financial statements**  
for the period ended 29 December 2012

**11. Creditors**

**Amounts falling due within one year**

|                                    | 29 December<br>2012<br>£ | 31 December<br>2011<br>£ |
|------------------------------------|--------------------------|--------------------------|
| Amounts owed to group undertakings | 8,365,639                | 1,217,647                |
| Foreign withholding tax payable    | 517,680                  | -                        |
| Other creditors                    | 310,807                  | -                        |
| Accruals and deferred income       | 1,170,607                | 3,020,431                |
|                                    | <u>10,364,733</u>        | <u>4,238,078</u>         |

**12 Share capital**

|   | 29 December<br>2012<br>£ | 31 December<br>2011<br>£ |
|---|--------------------------|--------------------------|
| <b>Allotted, called up and fully paid</b> |                          |                          |
| 1 Ordinary share of £1                    | <u>1</u>                 | <u>1</u>                 |

**13 Reserves**

|                       | Profit and<br>loss account<br>£ |
|-----------------------|---------------------------------|
| At 1 January 2012     | 37,123                          |
| Profit for the period | 903,750                         |
|                       | <u>940,873</u>                  |
| At 29 December 2012   |                                 |

**14 Reconciliation of movement in shareholders' funds**

|                                 | 29 December<br>2012<br>£ | 31 December<br>2011<br>£ |
|---------------------------------|--------------------------|--------------------------|
| Opening shareholders' funds     | 37,124                   | -                        |
| Profit for the financial period | 903,750                  | 337,123                  |
| Dividends (Note 15)             | -                        | (300,000)                |
| Shares issued during the period | -                        | 1                        |
|                                 | <u>940,874</u>           | <u>37,124</u>            |
| Closing shareholders' funds     |                          |                          |

**Notes to the financial statements**  
for the period ended 29 December 2012

**15 Dividends**

|                                  | <b>52 week period<br/>ended<br/>29 December<br/>2012<br/>£</b> | <b>Period from 15<br/>February 2011 to<br/>31 December<br/>2011<br/>£</b> |
|----------------------------------|--|---|
| Dividends paid on equity capital | -  | 300,000   |

**16. Contingent liabilities**

There were no contingent liabilities at 29 December 2012 or 31 December 2011

**17. Capital commitments**

The company had no capital commitments at 29 December 2012 or 31 December 2011

At the period end, there are letters of credit with Natwest Bank for the amounts of CAD200,000 (£124,113) and CAD300,000 (£186,693) These are supported by cash deposits held with the bank

**18. Related party transactions**

The company has taken advantage of the exemptions in FRS8 'Related Party Transactions' and has not disclosed transactions with wholly owned members of the group headed by Hilco Capital Limited

**19 Ultimate parent undertaking and controlling party**

At 29 December 2012, HUK 10 Ltd was a wholly owned subsidiary of Hilco Capital Limited, a company registered in England and Wales Hilco Capital Limited is 72% owned by Hilco London Limited, a company registered in England and Wales Hilco London Limited is 100% owned by Hilco Merchant Resources, LLC, a company registered in the United States of America

The directors consider the ultimate parent undertaking and controlling party of the company to be Hilco Trading, LLC, a company registered in the United States of America, by virtue of its 66.7% shareholding in Hilco Merchant Resources, LLC

The largest group of undertaking for which group accounts have been drawn up is that headed by Hilco Trading, LLC and the smallest such group of undertakings, including the company is that headed by Hilco London Limited