

Company Registration Number 02438121

Softline UK Limited
Financial Statements
Period Ended
31st August 2011

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Softline UK Limited
Financial Statements
Period from 1st July 2010 to 31st August 2011

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Softline UK Limited
Officers and Professional Advisers

The Board of Directors	S Clark S M Rush
Company Secretary	S Clark
Registered Office	18 Gatwick Metro Centre Balcombe Road Horley Surrey RH6 9GA
Auditor	KPMG Audit LLC Chartered Accountants & Statutory Auditor Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN

Softline UK Limited

The Directors' Report

Period from 1st July 2010 to 31st August 2011

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1st July 2010 to 31st August 2011

Principal Activities

The principal activity of the company during the period continued to be that of the distribution and sale of computer software

On 14th February 2011, the whole of the company's issued share capital was acquired by Rivington Street Ventures Limited, a member of the Rivington Street Holdings group. Subsequent to the acquisition, the company's accounting reference date was changed to 31st August in each year.

Directors

The directors who served the company during the period were as follows

S Clark

S M Rush

J McCartney (Resigned 8th July 2011)

Third Quad Capital plc (Resigned 8th July 2011)

Directors' Responsibilities

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 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,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

A resolution to reappoint KPMG Audit LLC as auditors for the ensuing year will be proposed at the annual general meeting.

Softline UK Limited

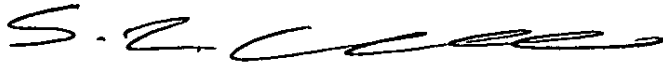
The Directors' Report (*continued*)

Period from 1st July 2010 to 31st August 2011

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'S. Clark', with a stylized, cursive flourish extending to the right.

S Clark
Director

Approved by the directors on 23rd February 2012

Softline UK Limited

**Independent Auditor's Report to the Shareholder of
Softline UK Limited**

Period from 1st July 2010 to 31st August 2011

We have audited the financial statements of Softline UK Limited for the period from 1st July 2010 to 31st August 2011. 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 shareholder, 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 shareholder 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 shareholder 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 set out on page 2, 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 (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31st August 2011 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 Matters 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.

Softline UK Limited

**Independent Auditor's Report to the Shareholder of
Softline UK Limited (*continued*)**

Period from 1st July 2010 to 31st August 2011

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



DAVID MCGARRY (Senior Statutory Auditor)
For and on behalf of
KPMG AUDIT LLC
Chartered Accountants & Statutory Auditor

Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

23rd February 2012

Softline UK Limited
Profit and Loss Account
Period from 1st July 2010 to 31st August 2011

	Note	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Turnover	2	3,613,227	3,919,764
Cost of sales		<u>2,984,498</u>	<u>2,989,116</u>
Gross Profit		628,729	930,648
Administrative expenses		545,116	887,231
Other operating income	3	<u>–</u>	<u>(33,000)</u>
Operating Profit	4	83,613	76,417
Interest receivable		66	60
Interest payable and similar charges	7	<u>(50,440)</u>	<u>(47,627)</u>
Profit on Ordinary Activities Before Taxation		33,239	28,850
Tax on profit on ordinary activities	8	399	5,746
Profit for the Financial Period		<u>32,840</u>	<u>23,104</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

The notes on pages 8 to 15 form part of these financial statements

Softline UK Limited

Balance Sheet

31st August 2011

	Note	31 Aug 11 £	£	30 Jun 10 £	£
Fixed Assets					
Tangible assets	9		19,281		31,362
Current Assets					
Stocks	10	442,464		244,699	
Debtors	11	1,093,557		945,539	
Cash at bank		73,094		120,213	
		<u>1,609,115</u>		<u>1,310,451</u>	
Creditors' Amounts Falling due Within One Year	12	<u>1,079,986</u>		<u>828,396</u>	
Net Current Assets			<u>529,129</u>		<u>482,055</u>
Total Assets Less Current Liabilities			<u>548,410</u>		<u>513,417</u>
Provisions for Liabilities					
Deferred taxation	13		399		—
			<u>548,011</u>		<u>513,417</u>
Capital and Reserves					
Called-up equity share capital	16		1,000		1,000
Share options reserve	17		1,754		—
Profit and loss account	18		<u>545,257</u>		<u>512,417</u>
Shareholder's Funds	19		<u>548,011</u>		<u>513,417</u>

These financial statements were approved by the directors and authorised for issue on 23rd February 2012, and are signed on their behalf by



S Clark
Director

Company Registration Number 02438121

The notes on pages 8 to 15 form part of these financial statements

Softline UK Limited
Notes to the Financial Statements
Period from 1st July 2010 to 31st August 2011

1. Accounting Policies

Basis of Accounting

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

Cash Flow Statement

The company is exempt from preparing a cash flow statement under Financial Reporting Standard 1, on the grounds that the company is a wholly owned subsidiary and is part of consolidated group accounts which include a cash flow statement

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax

Fixed Assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures, Fittings & Equipment - 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Softline UK Limited

Notes to the Financial Statements

Period from 1st July 2010 to 31st August 2011

1. Accounting Policies (continued)

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
United Kingdom	3,188,226	3,900,135
Overseas	425,001	19,629
	<u>3,613,227</u>	<u>3,919,764</u>

3. Other Operating Income

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Management charges receivable	<u>-</u>	<u>33,000</u>

4. Operating Profit

Operating profit is stated after charging/(crediting)

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Depreciation of owned fixed assets	16,979	14,701
Net profit on foreign currency translation	<u>(14,404)</u>	<u>-</u>

Softline UK Limited
Notes to the Financial Statements
Period from 1st July 2010 to 31st August 2011

5. Particulars of Employees

The average number of staff employed by the company during the financial period amounted to

	Period from 1 Jul 10 to 31 Aug 11 No	Year to 30 Jun 10 No
Number of staff	<u>8</u>	<u>8</u>

The aggregate payroll costs of the above were

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Wages and salaries	367,140	293,988
Social security costs	49,102	30,670
Equity-settled share-based payments	1,754	—
	<u>417,996</u>	<u>324,658</u>

6. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Remuneration	<u>257,099</u>	<u>164,553</u>

7. Interest Payable and Similar Charges

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Interest payable on bank borrowing	—	1,037
Other similar charges payable	50,440	46,590
	<u>50,440</u>	<u>47,627</u>

Softline UK Limited
Notes to the Financial Statements
Period from 1st July 2010 to 31st August 2011

8 Taxation on Ordinary Activities

(a) Analysis of charge in the period

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Current tax		
UK Corporation tax based on the results for the period	-	7,187
Over/under provision in prior year	-	(1,441)
Total current tax	-	5,746
Deferred tax		
Origination and reversal of timing differences (note 13)		
Capital allowances	399	-
Tax on profit on ordinary activities	399	5,746

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 27.16% (2010 - 21%)

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Profit on ordinary activities before taxation	33,239	28,850
Profit on ordinary activities by rate of tax	9,028	6,059
Expenses not deductible for tax purposes	(86,012)	1,948
Depreciation for period in excess of capital allowances	2,654	(820)
Unrelieved tax losses	39,863	-
Adjustments to tax charge in respect of previous periods	-	(1,441)
Group relief surrenders	34,467	-
Total current tax (note 8(a))	-	5,746

Softline UK Limited
Notes to the Financial Statements
Period from 1st July 2010 to 31st August 2011

9. Tangible Fixed Assets

	Fixtures, Fittings & Equipment £
Cost	
At 1st July 2010	91,042
Additions	4,898
At 31st August 2011	<u>95,940</u>
Depreciation	
At 1st July 2010	59,680
Charge for the period	16,979
At 31st August 2011	<u>76,659</u>
Net Book Value	
At 31st August 2011	<u>19,281</u>
At 30th June 2010	<u>31,362</u>

10. Stocks

	31 Aug 11 £	30 Jun 10 £
Goods for resale	<u>442,464</u>	<u>244,699</u>

11. Debtors

	31 Aug 11 £	30 Jun 10 £
Trade debtors	665,512	510,207
Amounts owed by group undertakings	408,294	408,294
Other debtors	2,601	101
Prepayments and accrued income	17,150	26,937
	<u>1,093,557</u>	<u>945,539</u>

Amounts owed by group undertakings are interest free, unsecured and have no fixed repayment date

Softline UK Limited
Notes to the Financial Statements
Period from 1st July 2010 to 31st August 2011

12. Creditors' Amounts Falling due Within One Year

	31 Aug 11		30 Jun 10
	£	£	£
Bank loans (secured)	37,877		168,487
Trade creditors	515,764		338,173
Amounts owed to group undertakings	55,062		-
Other creditors including taxation			
Corporation tax	-		7,187
Other taxes and social security	26,687		24,744
Other creditors	-		15,982
	<u>26,687</u>		<u>47,913</u>
Accruals and deferred income	444,596		273,823
	<u>1,079,986</u>		<u>828,396</u>

Amounts owed to group undertakings are interest free, unsecured and have no fixed repayment date

13. Deferred Taxation

The movement in the deferred taxation provision during the period was

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Profit and loss account movement arising during the period	399	-
Provision carried forward	<u>399</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	31 Aug 11 £	30 Jun 10 £
Excess of taxation allowances over depreciation on fixed assets	399	-
	<u>399</u>	<u>-</u>

Softline UK Limited

Notes to the Financial Statements

Period from 1st July 2010 to 31st August 2011

14. Share-Based Payments

Equity-settled share-based payments

The company has accounted for its share of the cost of the share option scheme operated by the group in accordance with FRS 20

The group has a share option scheme for 112 employees (including directors). Options are exercisable at a price equal to the average market price of the company's shares on the date of grant. The vesting period is 3 years and the options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the group before the options vest.

Fair value was measured using published industry price/earnings ratios as a suitable capitalisation factor to be applied to historic pre-tax group earnings.

Full details of the share options outstanding at the end of the year are disclosed in the consolidated accounts of Rivington Street Holdings plc.

15. Related Party Transactions

In the opinion of the directors there is not an ultimate controlling party.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

16. Share Capital

Allotted, called up and fully paid.

	31 Aug 11		30 Jun 10	
	No	£	No	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

17. Share Options Reserve

	31 Aug 11	30 Jun 10
	£	£
Recognition of equity-settled share-based payments in the year	<u>1,754</u>	<u>—</u>
Balance carried forward	<u>1,754</u>	<u>—</u>

Softline UK Limited

Notes to the Financial Statements

Period from 1st July 2010 to 31st August 2011

18. Profit and Loss Account

	Period from 1 Jul 10 to 31 Aug 11 £	Year to 30 Jun 10 £
Balance brought forward	512,417	489,313
Profit for the financial period	32,840	23,104
Balance carried forward	<u>545,257</u>	<u>512,417</u>

19. Reconciliation of Movements in Shareholder's Funds

	31 Aug 11 £	30 Jun 10 £
Profit for the financial period	32,840	23,104
Recognition of equity-settled share-based payments in the year	1,754	—
Net addition to shareholder's funds	34,594	23,104
Opening shareholder's funds	513,417	490,313
Closing shareholder's funds	<u>548,011</u>	<u>513,417</u>

20. Ultimate Parent Company

The company's ultimate holding company is Rivington Street Holdings Plc

The consolidated accounts of Rivington Street Holdings plc represent the accounts of the smallest and largest group for which consolidated accounts are prepared. These accounts are available from the Isle of Man Companies Registry.