

Company Registration Number 02438121

Softline UK Limited
Financial Statements
Year Ended
31st August 2012

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Softline UK Limited
Financial Statements
Year Ended 31st August 2012

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Softline UK Limited
Officers and Professional Advisers

The Board of Directors

S Clark
S M Rush

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

Accountants

Wilson Stevens
Third Floor
111 Charterhouse Street
London
EC1M 6AW

Softline UK Limited
The Directors' Report
Year Ended 31st August 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st August 2012

Principal Activities

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

Directors

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

S Clark
S M Rush

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

KPMG Audit LLC are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Softline UK Limited
The Directors' Report (*continued*)
Year Ended 31st August 2012

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 horizontal line extending to the right.

S Clark
Director

Approved by the directors on 6th March 2013

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

Year Ended 31st August 2012

We have audited the financial statements of Softline UK Limited for the year ended 31st August 2012. 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

A description of the scope of an audit of financial statements is provided on the APB's website at 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 31st August 2012 and of its profit for the year 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.

Emphasis of Matter - Recoverability of Amounts Owed by Group Undertakings

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the recoverability of amounts owed by group undertakings. As at 31 August 2012, the Company has amounts owed by group undertakings amounting to £483,294. The Rivington Street Holdings plc group of companies ("the RSH Group"), of which the Company is part, has suffered significant losses in the year to 31 August 2012, has net current liabilities at the year-end and is reliant on continued financial support from a related party. This financial support is not legally committed but the Directors of Rivington Street Holdings plc consider that they have a reasonable expectation that such support will continue to be made available. The Directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the recoverability of amounts owed by group undertakings. The Directors have reviewed the amounts owed by group undertakings for impairment and concluded that no impairment provisions are required.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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)

Year Ended 31st August 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, 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

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

154 March 2013

Softline UK Limited
Profit and Loss Account
Year Ended 31st August 2012

	Note	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Turnover	2	5,886,925	3,613,227
Cost of sales		<u>5,178,036</u>	<u>2,984,498</u>
Gross Profit		708,889	628,729
Administrative expenses		604,686	545,116
Other operating income	3	<u>(55,065)</u>	<u>—</u>
Operating Profit	4	159,268	83,613
Attributable to			
Operating profit before exceptional items		104,203	83,613
Exceptional items	4	<u>55,065</u>	<u>—</u>
		159,268	83,613
Interest receivable		88	66
Interest payable and similar charges	7	<u>(74,165)</u>	<u>(50,440)</u>
Profit on Ordinary Activities Before Taxation		85,191	33,239
Tax on profit on ordinary activities	8	<u>(399)</u>	<u>399</u>
Profit for the Financial Year		<u>85,590</u>	<u>32,840</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
year as set out above

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

Softline UK Limited

Balance Sheet

31st August 2012

	Note	2012 £	£	2011 £	£
Fixed Assets					
Tangible assets	9		23,142		19,281
Current Assets					
Stocks	10	613,985		442,464	
Debtors	11	1,104,209		1,093,557	
Cash at bank		120,465		73,094	
		<u>1,838,659</u>		<u>1,609,115</u>	
Creditors: Amounts Falling due Within One Year	12	<u>1,222,851</u>		<u>1,079,986</u>	
Net Current Assets			<u>615,808</u>		<u>529,129</u>
Total Assets Less Current Liabilities			<u>638,950</u>		<u>548,410</u>
Provisions for Liabilities					
Deferred taxation	13		-		399
			<u>638,950</u>		<u>548,011</u>
Capital and Reserves					
Called-up equity share capital	16		1,000		1,000
Share options reserve	17		7,103		1,754
Profit and loss account	18		630,847		545,257
Shareholder's Funds	19		<u>638,950</u>		<u>548,011</u>

These financial statements were approved by the directors and authorised for issue on 6th March 2013, 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
Year Ended 31st August 2012

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

Recoverability of Amounts Owed by Group Undertakings

As at 31 August 2012, the Company has amounts owed by group undertakings amounting to £483,294. The Rivington Street Holdings plc group of companies ("the RSH Group"), of which the Company is part, has suffered significant losses in the year to 31 August 2012, has net current liabilities at the year-end and is reliant on continued financial support from a related party. This financial support is not legally committed but the Directors of Rivington Street Holdings plc consider that they have a reasonable expectation that such support will continue to be made available. The Directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the recoverability of amounts owed by group undertakings. The Directors have reviewed the amounts owed by group undertakings for impairment and concluded that no impairment provisions are required.

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 year, 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:

Softline UK Limited
Notes to the Financial Statements
Year Ended 31st August 2012

1. Accounting Policies (continued)

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.

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.

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
United Kingdom	1,840,266	3,188,226
Overseas	4,046,659	425,001
	<u>5,886,925</u>	<u>3,613,227</u>

3 Other Operating Income

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Group company loans released	<u>55,065</u>	<u>—</u>

Softline UK Limited
Notes to the Financial Statements
Year Ended 31st August 2012

4. Operating Profit

Operating profit is stated after charging/(crediting)

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Depreciation of owned fixed assets	14,009	16,979
Net profit on foreign currency translation	(33,150)	(14,404)
Auditor's remuneration	11,600	—
Group company loans released	<u>(55,065)</u>	<u>—</u>
	2012 £	2011 £
Auditor's remuneration - audit of the financial statements	<u>11,600</u>	<u>—</u>

5. Particulars of Employees

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

	Year to 31 Aug 12 No	<i>Period from 1 Jul 10 to 31 Aug 11 No</i>
Number of staff	<u>8</u>	<u>8</u>

The aggregate payroll costs of the above were

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Wages and salaries	395,169	367,140
Social security costs	44,888	49,102
Equity-settled share-based payments	<u>5,349</u>	<u>1,754</u>
	<u>445,406</u>	<u>417,996</u>

6. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Remuneration	<u>141,641</u>	<u>257,099</u>

Softline UK Limited
Notes to the Financial Statements
Year Ended 31st August 2012

7. Interest Payable and Similar Charges

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Interest payable on bank borrowing	646	-
Other similar charges payable	<u>73,519</u>	<u>50,440</u>
	<u>74,165</u>	<u>50,440</u>

8 Taxation on Ordinary Activities

Analysis of charge in the year

No liability to UK Corporation Tax arises on the results for the current or previous years

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Deferred tax		
Origination and reversal of timing differences		
Capital allowances	<u>(399)</u>	<u>399</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 25 17% (2011 - 27 16%)

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Profit on ordinary activities before taxation	<u>85,191</u>	<u>33,239</u>
Profit on ordinary activities by rate of tax	21,443	9,028
Expenses not deductible for tax purposes	(13,356)	(86,012)
Depreciation for period in excess of capital allowances	1,752	2,654
Unrelieved tax losses	-	39,863
Adjustments to tax charge in respect of previous periods	(9,817)	-
Group relief (claims) / surrenders	<u>(22)</u>	<u>34,467</u>
Total current tax	<u>-</u>	<u>-</u>

Softline UK Limited
Notes to the Financial Statements
Year Ended 31st August 2012

9. Tangible Fixed Assets

	Fixtures, Fittings & Equipment £
Cost	
At 1st September 2011	95,940
Additions	<u>17,870</u>
At 31st August 2012	<u>113,810</u>
Depreciation	
At 1st September 2011	76,659
Charge for the year	<u>14,009</u>
At 31st August 2012	<u>90,668</u>
Net Book Value	
At 31st August 2012	<u>23,142</u>
At 31st August 2011	<u>19,281</u>

10. Stocks

	2012 £	2011 £
Goods for resale	<u>613,985</u>	<u>442,464</u>

11 Debtors

	2012 £	2011 £
Trade debtors	596,763	665,512
Amounts owed by group undertakings	483,294	408,294
Other debtors	2,601	2,601
Prepayments and accrued income	<u>21,551</u>	<u>17,150</u>
	<u>1,104,209</u>	<u>1,093,557</u>

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

Softline UK Limited
Notes to the Financial Statements
Year Ended 31st August 2012

12. Creditors Amounts Falling due Within One Year

	2012	2011
	£	£
Bank loans (secured)	2,068	37,877
Overdrafts	23,159	-
Trade creditors	723,084	515,764
Amounts owed to group undertakings	-	55,062
Other taxes and social security	51,603	26,687
Accruals and deferred income	422,937	444,596
	<u>1,222,851</u>	<u>1,079,986</u>

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

Included within cash at bank and in hand is an amount of £60,000 held in respect of an HM Revenue & Customs VAT security deposit. This amount is not accessible by the company for a period of up to 24 months

13. Deferred Taxation

The movement in the deferred taxation provision during the year was

	Year to	<i>Period from</i>
	31 Aug 12	<i>1 Jul 10 to</i>
	£	<i>31 Aug 11</i>
		£
Provision brought forward	399	-
Profit and loss account movement arising during the year	(399)	399
Provision carried forward	<u>-</u>	<u>399</u>

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

	2012	2011
	£	£
Excess of taxation allowances over depreciation on fixed assets	-	399
	<u>-</u>	<u>399</u>

Softline UK Limited
Notes to the Financial Statements
Year Ended 31st August 2012

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 58 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

	2012		2011	
	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

	2012	2011
	£	£
Balance brought forward	1,754	—
Recognition of equity-settled share-based payments in the year	<u>5,349</u>	<u>1,754</u>
Balance carried forward	<u>7,103</u>	<u>1,754</u>

Softline UK Limited
Notes to the Financial Statements
Year Ended 31st August 2012

18. Profit and Loss Account

	Year to 31 Aug 12 £	<i>Period from 1 Jul 10 to 31 Aug 11 £</i>
Balance brought forward	545,257	512,417
Profit for the financial year	<u>85,590</u>	<u>32,840</u>
Balance carried forward	<u>630,847</u>	<u>545,257</u>

19 Reconciliation of Movements in Shareholder's Funds

	2012 £	2011 £
Profit for the financial year	85,590	32,840
Recognition of equity-settled share-based payments in the year	<u>5,349</u>	<u>1,754</u>
Net addition to shareholder's funds	90,939	34,594
Opening shareholder's funds	<u>548,011</u>	<u>513,417</u>
Closing shareholder's funds	<u>638,950</u>	<u>548,011</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.