

Company registration number. 02206629

Benetton Retail (1988) Limited

Annual report and financial statements

for the year ended 31 December 2011

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Benetton Retail (1988) Limited

Annual report and financial statements for the year ended 31 December 2011

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Benetton Retail (1988) Limited

Officers and professional advisers

Directors

M Minetola (Resigned 06/07/2011)
A Pezzangora
D Carrer

Company secretary

Temple Secretarial Limited

Registered office

1st Floor
93 Newman Street
London
W1T 3EZ

Bankers

HSBC Bank Plc
Regional Service Centre Europe
P O Box 125
8 Canada Square
London E14 5XL

Solicitors

Klein
42 Brook Street
Mayfair
London
W1K 5DB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
First Point
Buckingham Gate
Gatwick
RH6 0PP

Benetton Retail (1988) Limited

Directors' report for the year ended 31 December 2011 (continued)

The directors submit their annual report and the audited financial statements of the company for the year ended 31 December 2011

Principal activities and business review

The principal activity of the company in the year under review was that of wholesale clothing agents for the Benetton Group for which the company receives commission income. The company also obtained gross income from sale at cost of sample stocks.

A summary of results for the year is given on page 6 of the accounts.

The directors expect the business to continue as an agency at the same level of activity for the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to the risk of its clients being affected by worsening economic conditions which could lead to them ceasing to trade, all other risks are financially covered by the ultimate parent company.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or function of the business.

Review of developments

A summary of results for the year is given on page 6 of the accounts.

The directors expect the business to continue as an agency business at the same level of activity for the foreseeable future.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons, should as far as possible, be identical to that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employee and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (2010: nil). The loss for the year of £157,611 (2010: loss of £201,030) has been added to the deficit on the profit and loss account.

Directors

The directors who held office during the year are given below.

M Minetola (Resigned 06 July 2011)

A Pezzangora

D Carrer (Appointed 22 July 2011)

Benetton Retail (1988) Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of 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 prepared 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements,
- 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.

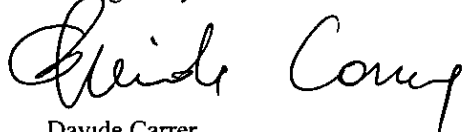
Statement of disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors' report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board of directors
and signed by order of the board



Davide Carrer
Director

27th September 2012

Benetton Retail (1988) Limited

Independent auditors' report to the members of Benetton Retail (1988) Limited

We have audited the financial statements of Benetton Retail (1988) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's 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 31 December 2011 and of its loss 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 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 year for which the financial statements are prepared is consistent with the financial statements.

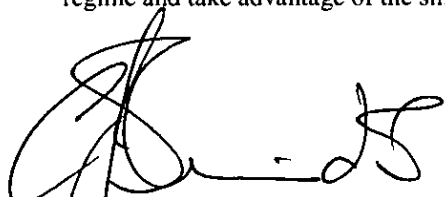
Benetton Retail (1988) Limited

Independent auditors' report to the members of Benetton Retail (1988) Limited (continued)

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 company regime and take advantage of the small companies' exemption in preparing the Directors' Report



Christopher Maidment (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

27 September 2012

Benetton Retail (1988) Limited

Profit and loss account For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	408,548	466,357
Cost of sales		(157,605)	(205,081)
Gross profit		250,943	261,276
Other administrative expenses		(433,170)	(471,684)
Operating loss	4	(182,227)	(210,408)
Interest receivable and similar income	5	24,616	9,378
Loss on ordinary activities before taxation		(157,611)	(201,030)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(157,611)	(201,030)
Accumulated losses brought forward		(58,972,338)	(58,771,308)
Accumulated losses carried forward		(59,129,949)	(58,972,338)

There are no recognised gains and losses other than the (losses)/ profit for the financial years. Accordingly, no statement of total recognised gains and losses is given.

There are no material differences between the (loss)/profit on ordinary activities before taxation and the retained (loss)/ profit for the year stated above and their historical cost equivalents.

All activities in the current and preceding years derive from continuing operations.

Benetton Retail (1988) Limited

Balance sheet As at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	7	-	3,179
Current assets			
Stocks	8	91,809	84,009
Debtors	9	2,230,915	2,269,716
Cash at bank and in hand		39	67
		<u>2,322,763</u>	<u>2,353,792</u>
Creditors amounts falling due within one year	10	<u>(452,712)</u>	<u>(329,309)</u>
Net current assets		<u>1,870,051</u>	<u>2,024,483</u>
Total assets less current liabilities		<u>1,870,051</u>	<u>2,027,662</u>
Capital and reserves			
Called up share capital	11	61,000,000	61,000,000
Profit and loss account		<u>(59,129,949)</u>	<u>(58,972,338)</u>
Total shareholders' funds	12	<u>1,870,051</u>	<u>2,027,662</u>

These financial statements on pages 6 to 13 were approved by the board of directors on 27th September 2012

Signed on behalf of the board of directors



Davide Carrer

Director

Benetton Retail (1988) Limited

Registration no 02206629

Benetton Retail (1988) Limited

Year ended 31 December 2011

Notes to the financial statements

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

These financial statements are prepared on the going concern basis as the ultimate parent, Benetton Group SpA, has indicated that it is willing to continue to fund the immediate company's obligations and liabilities for at least a 12 month period after the date of signing the financial statements.

Turnover

Turnover represents commission receivable on the net amount of invoiced sales of goods, together with sale at cost of sample stock items. Revenue for commissions is recognised on an accruals basis. Revenue for the sale of sample stock items is recognised on the transfer of sample stock.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to working condition for its intended use.

Depreciation of tangible fixed assets is provided at the following annual rates in order to write off each asset over its estimated useful life on a straight line basis. The estimated lives of assets are reassessed periodically. The rates of depreciation are as follows:

Fixtures and fittings, tools and equipment	Over 4 to 5 years (straight line)
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Cash flow statement

The company has adopted Financial Reporting Standard 1 (revised 1996) and taken advantage of the exemption not to present a cash flow statement on the grounds that its ultimate parent undertaking publishes consolidated financial statements, which are publicly available.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Benetton Retail (1988) Limited

Year ended 31 December 2011

Notes to the financial statements (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

2. Turnover

The turnover arose entirely within the United Kingdom and comprises

	2011 £	2010 £
Commission income	355,289	353,975
Other Sales	53,259	112,382
	<u>408,548</u>	<u>466,357</u>

The company earns commission based on a percentage of sales made as an agent.

The total agency sales value on which commissions are earned was £5,684,624 (2010 £5,663,600).

3. Wages and salaries

No director was remunerated for their services to the company in their capacity as director as the directors receive remuneration for their services to the wider Benetton group as a whole from another group undertaking. No pension contributions are made in respect of directors. Staff costs include a recharge from Bencom SRL, an immediate parent company, for £173,460 (2010 £148,586) related to the service of two employees (Commercial Manager of Benetton Retail (1988) Limited).

	2011 Number	2010 Number
Average number of persons employed		
Office and management	1	1
Sales	3	4
	<u>4</u>	<u>5</u>
	2011 £	2010 £
Staff costs during the year		
Wages and salaries	167,875	253,452
Social security costs	10,047	10,859
	<u>177,922</u>	<u>264,311</u>

Benetton Retail (1988) Limited
Year ended 31 December 2011

Notes to the financial statements (continued)

4. Operating loss

Operating loss is stated after charging

	2011 £	2010 £
Rentals under operating leases		
Buildings	-	90,321
Auditors' remuneration /audit services	8,760	11,900
	<u> </u>	<u> </u>

5. Interest receivable and similar income

	2011 £	2010 £
Bank interest	24,616	9,378
	<u> </u>	<u> </u>

6. Tax on loss on ordinary activities

	2011 £	2010 £
Current taxation		
UK corporation tax on profits for the year	-	-
	<u> </u>	<u> </u>
Total current tax due	-	-
	<u> </u>	<u> </u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 26.49% (2010 28%). The actual tax for the current year is less than the standard rate for the reasons set out in the following reconciliation

	2011 £	2010 £
Loss on ordinary activities before taxation	(157,611)	(201,030)
	<u> </u>	<u> </u>
Tax (credit) / charge at UK rate of 26.49% (2010 28%)	(41,751)	(56,288)
Non deductible costs	-	4,505
Depreciation in excess of capital allowances	682	99
Capital allowances in excess of depreciation	-	-
Tax losses carried forward	41,069	51,684
Utilisation of tax losses previously unrecognised	-	-
	<u> </u>	<u> </u>
Current tax credit for the year	-	-
	<u> </u>	<u> </u>

A deferred tax asset of £ 332,763 (2010 £323,911) has not been recognised in respect of taxation losses and other timing differences because of uncertainty as to future profitability

Benetton Retail (1988) Limited
Year ended 31 December 2011

Notes to the financial statements (continued)

7 Tangible assets

	Computer Equipment	Fixtures and Fittings	Total
Cost	£	£	£
At 1 January 2011	15,384	46,938	62,322
At 31 December 2011	<u>15,384</u>	<u>46,938</u>	<u>62,322</u>
Accumulated Depreciation			
At 1 January 2011	12,204	46,938	59,142
Charge for the year	3,179	-	3,179
At 31 December 2011	<u>15,384</u>	<u>46,938</u>	<u>62,322</u>
Net Book Value			
At 31 December 2011	-	-	-
At 31 December 2010	3,179	-	3,179

8. Stocks

	2011 £	2010 £
Finished goods and goods held for resale	<u>91,809</u>	<u>84,009</u>

The value of stock is not materially different from replacement cost

9. Debtors

	2011 £	2010 £
Amounts owed by group undertakings	486,636	562,974
Deposit owed by group undertakings	1,725,022	1,700,000
Other debtors	294	230
Prepayments and accrued income	18,963	6,513
	<u>2,230,915</u>	<u>2,269,716</u>

The deposit owned by group undertakings is subject to interest at 1 35% Other undertakings are interest free, repayable on demand and unsecured amounts owed by group

Benetton Retail (1988) Limited
Year ended 31 December 2011

Notes to the financial statements (continued)

10 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	3,071	3,466
Amounts owed to group undertakings	426,427	280,345
Taxation and social security	7,098	7,762
Accruals and deferred income	16,116	37,737
	<u>452,712</u>	<u>329,309</u>

Amounts owed to group undertakings are interest free, repayable on demand and unsecured

11. Called-up share capital

	2011 £	2010 £
Authorised, allotted and fully paid up		
31,200,000 (2010 31,200,000) ordinary shares of £1 each	31,200,000	31,200,000
29,800,000 (2010 29,800,000) redeemable deferred ordinary shares of £1 each	<u>29,800,000</u>	<u>29,800,000</u>
	<u>61,000,000</u>	<u>61,000,000</u>

The redeemable shares have no votes or rights to dividends but are entitled to repayment on a winding-up in priority to the ordinary shares. Only the company has the option to redeem any redeemable shares. There is no fixed date for the redemption of these shares.

12. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Loss for the financial year	(157,611)	(201,030)
Opening shareholders' funds	<u>2,027,662</u>	<u>2,228,692</u>
Closing shareholders' funds	<u>1,870,051</u>	<u>2,027,662</u>

13. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with group companies.

There were no other related party transactions during the year (2011 £nil)

Benetton Retail (1988) Limited
Year ended 31 December 2011

Notes to the financial statements (continued)

14 Ultimate parent company

At 31 December 2011, the immediate parent undertaking was Benetton International S A. The smallest and largest group to consolidate these financial statements was Benetton Group SpA, a company registered in Italy. Consolidated financial statements for Benetton Group SpA can be obtained from the Company Secretary of Benetton Group SpA, Villa Minelli, Ponzano (Treviso), Italy.