Company Registration No. 02809988 (England and Wales)

# CHRISTIAN DIOR UK LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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Company Registration No. 02809988

# CHRISTIAN DIOR UK LIMITED

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Company Registration No. 02809988

# CHRISTIAN DIOR UK LIMITED

## COMPANY INFORMATION

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|---|---|
| **Directors** | C Delapalme<br>T H Tran<br>G Cardon (Appointed on 17 May 2022) |
| **Secretary** | Castlegate Secretaries Limited (Resigned on 1 Jan 2022) |
| **Company number** | 02809988 |
| **Registered office** | 1 Barlow Place, 3rd Floor<br>London<br>W1J 6DG |
| **Auditor** | Constantin<br>25 Hosier Lane<br>London<br>EC1A 9LQ<br>United Kingdom |
| **Bankers** | Barclays Bank PLC<br>1 Churchill Place<br>London<br>E14 5HP<br>United Kingdom |
| | HSBC Bank PLC<br>8 Canada Square<br>London<br>E14 5HQ<br>United Kingdom |
| **Solicitors** | Browne Jacobson LLP<br>15th Floor<br>6 Bevis Marks<br>London<br>EC3A 7BA<br>United Kingdom |

Company Registration No. 02809988

# CHRISTIAN DIOR UK LIMITED

## STRATEGIC REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report and financial statements for the year ended 31 December 2021.

**Principal activities and review of the business**
The principal activities of the company continued to be that of retailing fashion ready-to-wear, leather goods, shoes and related accessories under the 'Christian Dior' label.

The directors expect the general level of activity to increase compared to that of the previous year and we are expecting the year 2022 to be above 2019 in terms of turnover and profits.

The company's key financial performance indicators during the year were as follows:

| | 2021 | 2020 | Change |
|---|---|---|---|
| | £'000 | £'000 | % |
| Turnover | 176,878 | 148,219 | +19% |
| Profit before taxation | 18,678 | 106 | +17,521% |
| Profit for the financial year | 15,086 | 627 | +2,306% |
| Gross Profit % | 57% | 53% | +4% |
| Operating Profit % | 14% | 4% | +10% |
| | | | |
| Average monthly number of employees | 330 | 371 | -11% |

The Company's performance shows good results for 2021, despite the Covid-19 pandemic and lockdown in Q1 leading our retail stores to close in line with government restrictions.

- Turnover increased by +19% versus the prior year, with Fine Jewellery, Haute Couture and Dior Maison picking up nicely after being mostly impacted the prior year due to the reduction in tourism and the store closure periods.
- Women and Men growing above +15%.
- In Selfridges, we took over the rooftop over the summer for our Riviera Collection. In addition to decorating the Selfridges roof top restaurant, we had a pop-up store presenting the Riviera collection and Vespa x Dior collaboration.
- In New Bond Street, we organised the Journee Savoir Faire over 3 days in September 2021. During that time, visitors could discover the world of Dior by the angle of the craftmanship and meet the little hands who are behind our key products: Lady Dior, the Bar Jacket, the Bagatelle ring, amongst others.

**Principal risks and uncertainties**
The key commercial risks relate to the continued strength of other brands' positioning in the marketplace. The condition or strength of the retail market also represents a key risk, with interest rates and other economic and fiscal drivers influencing consumer spending.

The company is exposed to financial risk through its financial assets and liabilities. The key risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed, which are mainly due from other group companies who are able to repay the balances if required, and by department stores who repay the balances within a month.

# CHRISTIAN DIOR UK LIMITED

## STRATEGIC REPORT (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2021

**Brexit uncertainties**
The UK has now exited the European Union for which the main changes to our business are the suppression of the VAT free scheme and the declaration of goods at customs. Several existing risks have already been identified as sensitive to Brexit and these continue to be monitored carefully, with appropriate levels of mitigating action being considered as details emerge.

**Statement by the Directors in accordance with s172(1) Companies Act 2006**
The Directors of the Company consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholder and stakeholders in the decisions taken during the year ended 31 December 2021.

The Company continues to follow the Group's Value Strategy which has regard to the long-term beneficial impacts for the Company and Group through focusing on delivering value rather than volume. This is in line with the strategic direction set by the shareholder.

The Directors are committed to offering a fulfilling work environment, personal growth and recognition of employees' performance and contribution to the Company. The Company engages with employees through a variety of means on a regular basis. This includes regular all-company meetings, conferences and smaller group sessions.

The Directors intention is to operate the business in a responsible way. The Company aims to act responsibly and fairly when engaging with its suppliers.

The Company continues to consider its impact on the community and during the year ended 31 December 2021 the Company and its employees engaged in a range of corporate social responsibility initiatives.

On behalf of the board

..............................
G Cardon
**Director**
Date: 22 July 2022

# CHRISTIAN DIOR UK LIMITED

## DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in Directors Report including future developments, financial risk management objectives and policies, the details of which can be found on page 2-3 and form part of this report by cross reference.

**Results and dividends**
The results for the year are set out on page 11.

Ordinary dividends were paid in 2021 amounting to £11,729,000. The directors propose a dividend payment of £15,086,000 to be paid in 2022.

**Future developments**
The level of business and the year-end position remain satisfactory for the company and the directors are confident of being able to develop the business further in the future.

**Directors**
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Delapalme
T H Tran
G Cardon (Appointed on 17 May 2022)

**Auditor**
A resolution to reappoint Constantin as auditor will be put to the members at the Annual General Meeting.

**Statement of disclosure to auditor**
The directors who were members of the board at the time of approving the directors' report have made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditor are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor are aware of that information.

**Going concern**
The financial statements are prepared on a going concern basis which the directors believe to be appropriate as the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

The Company's business activities, together with the factors likely to affect its future development, its financial position, and its exposure to risks are described above.

The Directors have considered the impact of the COVID-19 crisis on the Company's business operations and future prospects. In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as well as the principal risks and uncertainties in the business. Christian Dior Couture SA has provided written commitment of financial support, which is legally binding to provide sufficient funding to Christian Dior UK Ltd to enable to meet its liabilities as they fall due, for at least 12 months from the approval of these financial statements.
The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the parent company to continue as going concern or its ability to continue with the current financing arrangements.

**Going concern (continued)**
On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Events after reporting date**
The buildings where our New Bond Street store and Head Offices are located are now fully owned by CDC Group. The directors have no reason to believe that there will be any impact in the financial and operational activities of the business.

**Creditor payment policy and practice**
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

**Disabled employees**
The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.
Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

**Employee involvement and consultation**
The Company's goal is to offer a fulfilling work environment, personal growth and recognition of employees' performance and contribution to the Company.

To ensure that the quality of our people matches the quality of our brand, we have continued to invest in both internal and external training programmes to ensure that the skills of our teams are enhanced, including personal development, health and safety, work-based skills and industry specific education.

A bonus scheme is in place, which is based on company and personal performance.

**Business relationships**
Our strategy prioritises organic growth, driven by providing exceptional services to existing clients as well as attracting new clients. To do this, we need to develop and maintain strong client relationships. We value all our suppliers and have multi-year contracts with our key suppliers.

**Streamlined Energy and Carbon Reporting (SECR) Disclosure**
**Our Carbon Footprint**
As a business we have intensified our efforts to ensure consistent and timely reporting is achieved across the business for scope 1, 2, and 3 emissions and that this information is made available as part of our greenhouse gas emissions reduction plan, both internally and with our clients and customers. The Company has no associated scope 1 and scope 3 mandatory transport consumption.

- **Data Source - Consumption Data**

Gas (scope 1) and electricity (scope 2) consumption data was collated from the relevant energy suppliers.

- **Data Source – Conversion Factors**

Conversion factors outlined in the '2021 UK Government GHG Conversion Factors for Company Reporting' have been used for all calculations. Official guidance states that users should apply the set of conversion factors that cover the greatest proportion of the reporting period. As the reporting period in question is 01/01/21 to 31/12/21, the entire reporting period falls under the 2021 set of conversion factors and therefore these conversion factors have been applied.

*Energy consumption and greenhouse gas (GHG) emissions for the period 01 January 2021 to 31 December 2021*

| | **2021** | **2020** |
|---|---|---|
| **Gas (kWh)** | 21,046 | 46,134 |
| **Electricity (kWh)** | 1,213,343 | 1,044,141 |
| **Transportation (kWh)** | N/A | N/A |
| **Emissions from combustion of gas tCO2e (Scope 1)** | 3.9 | 8.5 |
| **Emissions from combustion of fuel for transport purposes, tCO2e (Scope 1)** | N/A | N/A |
| **Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel, tCO2e(Scope 3)** | N/A | N/A |
| **Emissions from purchased electricity, tCO2e (Scope 2, location-based)** | 257.6 | 243.4 |
| **Emissions from purchased electricity, tCO2e (Scope 2, market-based)** | 0 | 0 |
| **Total gross CO2e based on above, tCO2e** | 261.5 | 251.9 |
| **Intensity ratio: tCO2e/Employee (371 employees)** | 0.8 | 0.7 |
| **Intensity ratio: tCO2e/£million turnover (£148.219m turnover)** | 1.5 | 1.7 |

- **Calculation Methodology**

The Company's emissions have been assessed in accordance with HM Government's 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', March 2019 update. In order to calculate emissions '2021 UK Government GHG Conversion Factors for Company Reporting' have been used.
For gas and electricity data, annual energy consumption in kWh, over the reporting period was converted to tCO2e using the above described GHG conversion factors. In line with SECR guidance, mandatory location-based electricity emissions have been reported, additionally Christian Dior UK Limited have also voluntarily reported market-based emissions in order to highlight the Company's sustainability commitments through the purchase of 100% renewable electricity.

- **SECR Reporting Commentary**

Christian Dior UK Limited consumed 1,234,389 kWh of energy, split between gas (21,046 kWh) and electricity (1,213,343 kWh), equating to emissions of 261.5 tonnes of CO2 equivalent with scope 1 emissions accounting for 1% of emissions and scope 2 emissions accounting for the remaining 99%.
In comparison, over the previous accounting period (01/01/20 to 31/12/20), Christian Dior UK Limited consumed 1,090,275 kWh. This equated to GHG emissions of 251.9 tonnes of CO2 equivalent. Scope 1 emissions accounted for 3% of total emissions, while scope 2 emissions made up the remaining 97% of the total.
An intensity ratio of 1.5 tCO2e per million turnover has been calculated based on a 2021 turnover of £176,878,119. Comparatively, in 2020 an intensity ratio of 1.7 tCO2e per million turnover was calculated based on a 2020 turnover of £148,219,000.
Additionally a further intensity ratio of 0.8 tCO2e per employee has been calculated based on a 2021 headcount of 330. In 2020, an intensity ratio of 0.7tCO2e per employee was calculated based on a headcount of 371.

On behalf of the board

..............................
G Gaydon
**Director**

Date: 22 July 2022

# CHRISTIAN DIOR UK LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report, 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), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). 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 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, including FRS 101, have been followed, subject to any material departures 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRISTIAN DIOR UK LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Christian Dior UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of directors**
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included mainly the UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRISTIAN DIOR UK LIMITED

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**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**Use of our report**
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.

Thierry de Gennes ACA (Senior Statutory Auditor)
For and on behalf of Constantin, Chartered Accountants and Statutory Auditors
25 Hosier Lane
London
EC1A 9LQ

Date: 22 July 2022

Company Registration No. 02809988

# CHRISTIAN DIOR UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £000 | 2020 £000 |
|---|---|---|---|
| **Revenue** | 3 | 176,878 | 148,219 |
| Cost of sales | | (76,277) | (70,124) |
| **Gross profit** | | 100,601 | 78,094 |
| Other income | | - | 1,532 |
| Distribution costs | | (73,980) | (70,089) |
| Administrative expenses | | (2,271) | (3,698) |
| **Operating profit** | 7 | 24,350 | 5,839 |
| Investment income | 8 | - | 2 |
| Finance costs | 9 | (5,672) | (5,735) |
| **Profit before taxation** | | 18,678 | 106 |
| Tax on profit | 10 | (3,592) | 521 |
| **Profit for the year** | | 15,086 | 627 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | 15,086 | 627 |

Company Registration No. 02809988

# CHRISTIAN DIOR UK LIMITED

## STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2021

| | Notes | 2021 £000 | 2020 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 11 | 594 | 675 |
| Tangible assets | 12 | 25,094 | 23,729 |
| Right-of-use assets | 13 | 179,482 | 186,478 |
| | | 205,170 | 210,882 |
| **Current assets** | | | |
| Inventories | 14 | 24,362 | 30,471 |
| Trade and other receivables | 15 | 24,334 | 13,897 |
| Cash and cash equivalents | | 73 | - |
| | | 48,769 | 44,368 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | 45,007 | 43,223 |
| *Taxation and social security* | | 3,008 | 5,058 |
| Lease liabilities | 17 | 4,234 | 5,166 |
| Cash and cash equivalents | | - | 15 |
| | | 52,249 | 53,462 |
| **Net current assets/(liabilities)** | | (3,480) | (9,094) |
| **Total assets less current liabilities** | | 201,690 | 201,788 |
| **Non-current liabilities** | | | |
| Lease liabilities | 17 | 172,973 | 176,952 |
| Provisions | 18 | 3,577 | 3,335 |
| | | 176,550 | 180,287 |
| Deferred tax liabilities | 19 | 727 | 445 |
| **Net assets** | | 24,413 | 21,056 |

Company Registration No. 02809988

# CHRISTIAN DIOR UK LIMITED

## STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2021

| | Notes | 2021<br>£000 | 2020<br>£000 |
|---|---|---|---|
| **Equity** | | | |
| Called up share capital | 21 | 9,327 | 9,327 |
| Retained earnings | | 15,086 | 11,729 |
| **Total equity** | | 24,413 | 21,056 |

The financial statements were approved by the board of directors and authorised for issue and are signed on its behalf by:

..............................
G Cardon
**Director**

Date: 22 July 2022

Company Registration No. 02809988

# CHRISTIAN DIOR UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2021

| | Share capital £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|
| **Balance at 1 January 2020** | 9,327 | 31,102 | 40,429 |
| **Year ended 31 December 2020:** | | | |
| *Profit and total comprehensive income for the year* | - | 627 | 627 |
| Dividends paid | - | (20,000) | (20,000) |
| **Balance at 31 December 2020** | 9,327 | 11,729 | 21,056 |
| **Year ended 31 December 2021:** | | | |
| Profit and total comprehensive income for the year | - | 15,086 | 15,086 |
| Dividends paid | - | (11,729) | (11,729) |
| **Balance at 31 December 2021** | 9,327 | 15,086 | 24,413 |

### 1 Accounting policies

**Company information**
Christian Dior UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Barlow Place, 3rd Floor, London, W1J 6DG.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

**Basis of preparation**
The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

**IFRS 16 Leases**
IFRS 16 Leases came into effect on 1 January 2019.

The Group has applied the modified retrospective approach, where the cumulative effect of applying IFRS 16 is recognised in retained earnings with no restatement to prior years. The leases on transition were recognised under 'modified retrospective B' on transition, whereby the right-of-use asset was equal to the lease liability at 1 January 2019, being the present value of the remaining future minimum lease payments at the date of initial application, including any early termination or extension options if they were deemed reasonably certain to be adopted.

For new leases entered into after 1 January 2019, the right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required in the terms of the lease.

Where leases have a non-lease component that is separately identifiable, this has been excluded from the right-of-use asset and the cost taken to the income statement.

Depreciation of right-of-use assets is charged to the income statement to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Where the lease contains an extension option or a termination option which is exercisable by the Company, as lessee, an assessment is made as to whether the Company is reasonably certain to exercise the extension option, or not exercise the termination option, considering all relevant facts and circumstances that create an economic incentive. Considerations may include the contractual terms and conditions for the optional periods compared to market rates, costs associated with the termination of the lease and the importance of the underlying asset to the Company's operations.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index, discounted using the incremental borrowing rate ('IBR'). The IBR rates are updated biannually and are applied to new leases.

Finance charges are recognised in the income statement over the period of the lease.

**1 Accounting policies (Continued)**

The company has elected to adopt two exemptions proposed by the standard. The company has not recognised right-of-use assets and lease liabilities for short-term leases (less than 12 months' duration) and low-value assets (usually less than £4,000).

The company has lease contracts for department stores that contain variable payments based on trade. These lease contracts have no end date and are recognised as out of scope of IFRS 16. The lease expense is recognised in profit or loss and is aligned to revenue earned.

The company applied the practical expedient available under IFRS 16 to recognise leases ending within 12 months of the transition date as a short-term lease at the date of transition.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the expected term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

**Going concern**

The financial statements are prepared on a going concern basis which the directors believe to be appropriate as the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

The company's parent undertaking has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the company.

Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements.

**Revenue**

The company obtains revenue from contracts with customers relating to sales of luxury goods to retail and wholesale customers. Revenue is stated excluding Value Added Tax and other sales related taxes.

The primary performance obligation is the transfer of luxury goods to the customer. For retail revenue this is considered to occur when control of the goods passes to the customer. For in store retail revenue control transfers when the customer takes possession of the goods in store and pays for the goods. For digital retail revenue, control is considered to transfer when the goods are delivered to the customer.

The timing of transfer of control of the goods in wholesale transactions depends upon the terms of trade in the contract. Principally for wholesale revenue, revenue is recognised either when goods are collected by the customer from the company's premises, or when the company has delivered the goods to the location specified in the contract. Provision for returns and other allowances are reflected in revenue when revenue from the customer is first recognised. Returns are initially estimated based on historical levels and adjusted subsequently as returns are incurred.

The company sells gift cards and similar products to customers, which can be redeemed for goods, up to the value of the card, at a future date. Revenue relating to gift cards is recognised when the card is redeemed, up to the value of the redemption. Unredeemed amounts on gift cards are classified as contract liabilities. Typically, the company does not expect to have significant unredeemed amounts arising on its gift cards.

1 **Accounting policies (Continued)**

**Tangible and intangible assets**
Property, plant and equipment and software are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Plant and equipment | 3 - 8 years |
| Software | 3 - 5 years |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

**Impairment of tangible and intangible assets**
At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Inventories**
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 1 Accounting policies (Continued)

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.
The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognised or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

## 1 Accounting policies (Continued)

***Impairment of financial assets***

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

***Subsequent measurement***

For purposes of subsequent measurement, financial liabilities are classified in two categories:

• Financial liabilities at fair value through profit or loss
• Financial liabilities at amortised cost (loans and borrowings)

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

***Financial liabilities at amortised cost (loans and borrowings)***

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

## 1 Accounting policies (Continued)

***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

## 1 Accounting policies (Continued)

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

**Provisions**

**General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. IAS 37.14

**Provision for dismantling costs**

Dismantling costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the dismantling liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

**Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an income item, it is presented as other income in the profit and loss account. The income is reported in the period that the relief relates to.

## 2 *Critical accounting estimates and judgements*

**Judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**Estimates**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

**Critical judgements**

**Determining lease term**

Where the company is a lessee, judgement is required in determining the lease term where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Considerations include, but are not limited to, the period assessed by management when approving initial investment, together with costs associated with any termination options or extension options. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Where the lease term has been extended by assuming an extension option will be recognised, this will result in the initial right-of-use assets and lease liabilities at inception of the lease being greater than if the option was not assumed to be exercised. Likewise, assuming a break option will be exercised will reduce the initial right-of-use assets and lease liabilities.

**Incremental borrowing costs**

The determination of applicable incremental borrowing rates at the commencement of lease contracts also requires judgement. The Company determines its incremental borrowing rates by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease. The Company considers the relevant market interest rate, based on the weighted average of the timing of the lease payments under the lease obligation. In addition, a spread over the market rate is applied based on the cost of funds to the Company, plus a spread that represents the risk differential of the lessee entity compared to the Company funding cost.

## 3 Revenue

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Revenue analysed by principal areas of activity** | | |
| Sale of goods | 176,800 | 147,983 |
| Other services | 78 | 236 |
| | 176,878 | 148,219 |
| **Revenue analysed by geographical market** | | |
| United Kingdom | 176,872 | 142,716 |
| Other countries | 6 | 5,503 |
| | 176,878 | 148,219 |

## 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2021 Number | 2020 Number |
|---|---|---|
| Administration and management | 37 | 27 |
| Sales | 293 | 344 |
| | 330 | 371 |

Their aggregate remuneration comprised:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Wages and salaries | 13,980 | 14,110 |
| Social security costs | 2,712 | 3,401 |
| Pension costs | 634 | 648 |
| | 17,326 | 18,159 |

## 5 Auditor's remuneration

Fees payable to Constantin and their associates for the audit of the company's annual financial statements were £50,500 (2020: £45,500).

Fees payable for non-audit services to Constantin were £1,500 (2020: £1,500)

## 6 Directors' remuneration

None of the directors receive any remuneration for services to the company in either 2021 or 2020. The directors' remuneration has been borne by other group companies. The directors consider that they do not receive any remuneration in respect of the qualifying services for this company.

## 7 Operating profit

| | 2021 | 2020 restated |
|---|---|---|
| | £000 | £000 |
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange (gains)/losses | (17) | 54 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 51 | 46 |
| Depreciation of property, plant and equipment | 3,722 | 4,337 |
| Depreciation of intangible assets | 196 | 216 |
| Depreciation of right-of-use assets | 7,630 | 8,029 |
| Variable concession rentals | 22,876 | 19,672 |
| Rental costs of low-value leases | 28 | 22 |
| Cost of inventories recognised as an expense | 76,277 | 70,125 |

The 2020 amounts for depreciation of property, plant and equipment and depreciation of intangible assets have been restated for disclosure purposes.

## 8 Investment income

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| **Interest income** | | |
| Interest on bank deposits | - | 2 |

Total interest income for financial assets that are not held at fair value through profit or loss is £0 (2020 - £2,000).

## 9 Finance costs

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| **Interest on financial liabilities measured at amortised cost:** | | |
| Interest on other loans | 107 | 39 |
| **Interest on other financial liabilities:** | | |
| Interest on lease liabilities | 5,565 | 5,696 |
| Total interest expense | 5,672 | 5,735 |

## 10 Taxation

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profits for the current period | 3,273 | 640 |
| Adjustments in respect of prior periods | 38 | (1,174) |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | 552 | (41) |
| Adjustments in respect of prior periods | (313) | 3 |
| Effect of tax rate change on opening balance | 42 | 51 |
| Total current tax charge | 3,592 | (521) |

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Profit before taxation | 18,678 | 106 |
| Expected tax charge based on a corporation tax rate of 19% (2020: 19%) | 3,549 | 20 |
| Effect of expenses not deductible in determining taxable profit | 106 | 90 |
| Adjustments to tax charge in respect of prior years | 38 | (1,174) |
| Depreciation on assets not qualifying for tax allowances | 68 | 518 |
| Other permanent differences | (30) | (30) |
| Adjustments to tax charge in respect of prior periods – deferred tax | (313) | 3 |
| Remeasurement of deferred tax for changes in tax rates | 174 | 51 |
| **Taxation charge for the year** | 3,592 | (521) |
| Tax charged in the financial statements | 3,592 | (521) |

Finance Act 2020, which was substantively enacted on 11 March 2020, maintained the corporation tax rate at 19% until 31 March 2023.
Finance Act 2021, which was substantively enacted on 24 May 2021, has enacted an increase in the UK corporation tax main rate to 25% from 1 April 2023.
As this rate change had been substantively enacted before the balance sheet date, the closing deferred tax assets and liabilities have been calculated at 25%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

## 11 Intangible Assets

| | Software | Assets under construction | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Cost** | | | |
| At 31 December 2020 | 1,125 | - | 1,125 |
| Additions | 83 | 32 | 115 |
| At 31 December 2021 | 1,208 | 32 | 1,240 |

| | Software | Assets under construction | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Accumulated depreciation and impairment** | | | |
| At 31 December 2020 | 450 | - | 450 |
| Charge for the year | 196 | - | 196 |
| At 31 December 2021 | 646 | - | 646 |
| **Carrying amount** | | | |
| At 31 December 2020 | 675 | - | 675 |
| At 31 December 2021 | 562 | 32 | 594 |

## 12 Tangible Assets

| | Assets under construction | Plant and equipment | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Cost** | | | |
| At 31 December 2020 | 1,634 | 48,653 | 50,287 |
| Additions | 1,497 | 2,352 | 3,849 |
| Disposals | (97) | (2,841) | (2,938) |
| Transfers | (104) | 104 | - |
| At 31 December 2021 | 2,930 | 48,268 | 51,198 |

## 12 Tangible Assets (continued)

| | Assets under construction | Plant and equipment | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Accumulated depreciation and impairment** | | | |
| At 31 December 2020 | 1,430 | 25,128 | 26,558 |
| Charge for the year | - | 3,722 | 3,722 |
| Disposals | - | (2,746) | (2,746) |
| Impairment reversal | (1,430) | - | (1,430) |
| At 31 December 2021 | - | 26,104 | 26,104 |
| **Carrying amount** | | | |
| At 31 December 2020 | 204 | 23,525 | 23,729 |
| At 31 December 2021 | 2,930 | 22,164 | 25,094 |

## 13 Right-of-use assets

| | Point-of-sale buildings | Office buildings | Other | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Cost** | | | | |
| At 31 December 2020 | 200,602 | 2,698 | 17 | 203,317 |
| Additions | 103 | 96 | 342 | 540 |
| At 31 December 2021 | 200,704 | 2,794 | 359 | 203,857 |
| **Accumulated depreciation and impairment** | | | | |
| At 31 December 2020 | 14,826 | 2,012 | 1 | 16,839 |
| Charge for the year | 7,021 | 488 | 121 | 7,630 |
| Impairment | - | (94) | - | (94) |
| At 31 December 2021 | 21,847 | 2,406 | 122 | 24,375 |
| **Carrying amount** | | | | |
| At 31 December 2020 | 185,775 | 686 | 16 | 186,478 |
| At 31 December 2021 | 178,857 | 388 | 237 | 179,482 |

## 14 Inventories

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Finished goods | 24,362 | 30,471 |

## 15 *Trade and other receivables*

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Trade receivables | 22,954 | 13,214 |
| Amounts owed by fellow group undertakings | 244 | 339 |
| Prepayments and accrued income | 1,136 | 344 |
| | 24,334 | 13,897 |

Amounts due from group undertakings represent £nil (2020: £nil) of group cash pooling and group intercompany *balance that are non-interest bearing.*

## 16 Trade and other payables

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Trade payables | 6,813 | 2,523 |
| Intercompany loan | - | - |
| Amounts owed to fellow group undertakings | 19,412 | 26,633 |
| Accruals and deferred income | 13,773 | 10,758 |
| Other payables | 5,009 | 3,309 |
| | 45,007 | 43,223 |

Amounts owed to fellow group undertakings are non-interest bearing and are normally settled on 30 day terms. It also represents £7,253,060 (2020: £14,448,500) of group cash pooling.

## 17 Lease liabilities

| | Minimum lease payments | |
|---|---|---|
| | 2021 | 2020 |
| **Maturity analysis** | £000 | £000 |
| Within one year | 10,842 | 10,757 |
| Over one year but within five years | 32,277 | 33,329 |
| Over five years | 273,347 | 280,964 |
| **Total undiscounted liabilities** | 316,466 | 325,050 |

The Company had total cash outflows for leases of £10,756,773 in 2021 (2020: £11,329,273).

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Current liabilities | 4,234 | 5,166 |
| Non-current liabilities | 172,973 | 176,952 |
| | 177,207 | 182,118 |

| | 2021 | 2020 |
|---|---|---|
| Amounts recognised in profit or loss include the following: | £000 | £000 |
| Interest on lease liabilities | 5,565 | 5,696 |

The fair value of the company's lease obligations is approximately equal to their carrying amount.

Other leasing information is included in note 22.

## 18 Provisions

| | Dismantling Cost | GDPR and other tax related matters | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| Carrying amount at 31 December 2020 | 1,461 | 1,874 | 3,335 |
| Additions during the period | 67 | 756 | 823 |
| Reverse unused | - | (606) | (606) |
| Unwinding of the discount | 25 | - | 25 |
| Carrying amount at 31 December 2021 | 1,553 | 2,024 | 3,577 |

Provisions raised during the year relate to the dismantling of installations in occupied properties as well as the restoration to its original condition, as well as GDPR and other tax related provisions. It is expected that the costs for which the dismantling cost provisions have been raised, will be incurred at the end of each of the occupied property lease terms. The expected outflows on the other provisions are uncertain and likely to be more than one year after balance sheet date.

## 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

| | ACAs £000 |
|---|---|
| Deferred tax liability at 1 January 2020 | 432 |
| **Deferred tax movements in prior year** | |
| Credit to profit or loss | 13 |
| Deferred tax liability at 1 January 2021 | 445 |
| **Deferred tax movements in current year** | |
| Debit to profit or loss | 282 |
| Deferred tax liability at 31 December 2021 | 727 |

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Fixed asset timing differences | 1,207 | 492 |
| Short term timing differences | (480) | (47) |
| | 727 | 445 |

## 20 Retirement benefit schemes

**Defined contribution schemes**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £634,000 (2020 - £648,000).

## 21 Share capital

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Ordinary share capital** | | |
| ***Issued and fully paid*** | | |
| 9,327,000 Ordinary shares of £1 each | 9,327 | 9,327 |
| | 9,327 | 9,327 |

**22 Other leasing information**

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

| **Land and buildings** | **2021 £000** | **2020 £000** |
|---|---|---|
| Within one year | 12 | 16 |
| Between one and five years | 7 | 19 |
| In over five years | - | - |
| | 19 | 35 |

Information relating to lease liabilities is included in note 17.

**23 Commitments**

**Financial commitments**

At 31 December 2021 the Company had a bank guarantee of £4,000,000 in place in favour of Her Majesty's Revenue and Customs, in respect of Duty Deferment.

**24 Related party transactions**

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with entities that are part of the Christian Dior Couture SA group by virtue of its status as a 100% owned subsidiary of a parent whose financial statements are consolidated and made publicly available.

**25 Events after the reporting date**

The buildings where our New Bond Street store and Head Offices are located are now fully owned by CDC Group. The directors have no reason to believe that there will be any impact in the financial and operational activities of the business.

**26 Controlling party**

The Company is a 100% subsidiary of Christian Dior Couture, a company registered in France under number 612 035 832 RCS Paris which, in turn, is fully held by LVMH Moët Hennessy Louis Vuitton SE, a company operating under French law, registered with the Registry of Commerce and Companies of Paris under number 775 670 417, with its registered office located 22, avenue Montaigne, 75008 Paris, France ("LVMH"). The consolidated financial statements are available to the public and may be obtained from the public website address https://www.lvmh.com/investors/investors-and-analysts/publications/