

Company Registration No. 03419040

LVMH Services Limited

Annual Report and Financial Statements

Year ended 31 December 2020



LVMII Services Limited

Annual Report and Financial Statements 2020

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LVMH Services Limited

Annual Report and financial statements

Officers and professional advisers

Directors

Lord Powell of Bayswater KCMG

P Jouvin

M Memmi

Company Secretary

Castlegate Secretaries Limited

Mowbray House

Castle Meadow Road

Nottingham

Nottinghamshire

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Registered Office

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London

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Bankers

Barclays Bank Plc

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Solicitors

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6th Floor

6 Bevis Marks

London

EC3V 7BA

Auditor

Constantin

25 Hosier Lane

London

EC1A 9LQ

LVMH Services Limited

Strategic report

For the year ended 31 December 2020

The directors, in preparing this Strategic Report, have complied with s414 C of the Companies Act 2006.

Results

The profit for the year, after taxation, amounted to £172,943 (2019: loss of £297,094).

Review of the business

	2020	Restated 2019	Change
	£	£	%
Turnover	9,892,151	16,742,766	-41%
Profit before Tax	259,868	(297,094)	-187%
Profit after Tax	172,943	(297,094)	-158%
Shareholders' funds	26,723,805	26,550,862	1%
Average number of employees	16	18	-11%

Key Performance Indicators ("KPIs")

Given the simple nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

From the perspective of the company, the principal risk and uncertainties are integrated with the group and are not managed separately. Accordingly, the principal risks and uncertainties of LVMH Moët Hennessy-Louis Vuitton SE, which include those of the company, are discussed in the group's annual report which is available publicly.

Covid-19 risk

In the particularly uncertain context linked to the Covid-19 pandemic, potential impacts on the company's results can now be quantified but we still not know when the Covid-19 pandemic will stop to be a risk for the activity; however, the company's ability to continue as a going concern is not called into question.

UK leaving the European Union (Brexit)

The company has financial resources together with a number of contracts with established suppliers and exclusively group customers. As a consequence, the directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook due to the UK to withdraw from the EU.

LVMH Services Limited

Strategic report (continued)

For the year ended 31 December 2020

Future developments

The company will continue its activities, in particular the development and hosting of high-quality training sessions for the group's executive management.

Events after balance sheet date

There were no subsequent events since the balance sheet date.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'M Memmi', written over a horizontal line.

M Memmi
Director
27 September 2021

LVMH Services Limited

Directors' report

The directors present their report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2020.

The company has chosen, in accordance with section 414C(11) of 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 the Directors' Report including future developments, events after the balance sheet date, principal risks and uncertainties, the details of which can be found on page 2-3 and form part of this report by cross-reference.

Principal activities

The principal activity of the company during the year was providing services to other companies within the LVMH Moët Hennessy-Louis Vuitton SE group ("the group").

Going concern

The company made a profit for the year and is in a net asset position and net current asset position at the year-end. The financial statements have been prepared on a going concern basis because the parent undertaking, LVMH Moët Hennessy-Louis Vuitton SE (Paris, France), has provided a written commitment to make adequate funds available to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the 2020 financial statements.

In the particularly uncertain context linked to the Covid-19 pandemic, potential impacts on the company's results cannot be precisely quantified at this stage; however, the company's ability to continue as a going concern is not called into question.

Future developments and events since the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic report on page 2-3 and form part of this report by cross-reference.

Directors

The directors who served the company throughout the year, except as noted, were as follows:

Lord Powell of Bayswater KCMG

P Jouvin

M Memmi

Dividends

The directors do not recommend the payment of any dividends (2019: £nil).

LVMH Services Limited

Directors' report (Continued)

Auditor


Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Constantin expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M Memmi
Director
27 September 2021

LVMH Services Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 to 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 LVMH Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of LVMH Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at December 31st, 2020 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16, which include a statement of accounting policies.

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 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 respect of these matters.

Independent auditor's report to the members of LVMH Services Limited

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. We 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 framework 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 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 external 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 LVMH Services Limited

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

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 in 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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 Auditor
25 Hosier Lane
London EC1A 9LQ



Date: 27 September 2021

LVMH Services Limited

Profit and Loss account Year ended 31 December 2020

		2020	<i>Restated</i> 2019
	Notes	£	£
Turnover	2	9,892,151	16,742,766
Cost of sales		(12,277,699)	(16,817,282)
Gross profit		(2,385,548)	(74,516)
Other income:	3	3,750,000	960,000
Administrative expenses		(772,260)	(1,021,429)
Operating loss	4	592,192	(135,945)
Interest receivable and similar income	7	3,839	51,718
Interest payable and similar charges	7	(336,163)	(212,867)
Loss on ordinary activities before tax		259,868	(297,094)
Tax on loss on ordinary activities	8	(86,925)	-
Loss for the financial year		172,943	(297,094)
Attributable to:			
Equity holders of the company		172,943	(297,094)

The Financial Statements for year ended 2019 have been restated to present the group contribution in other income.

There are no recognised gains or losses other than the profit of £172,943 attributable to the shareholders for the year ended 31 December 2020 (2019: loss of £297,094). Accordingly, no separate Statement of comprehensive income is presented.

The notes form an integral part of the financial statements.

All activities are derived from continuing operations.

LVMH Services Limited

Balance Sheet 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	9	-	3,497
Tangible assets	10	18,759,726	21,129,139
		<u>18,759,726</u>	<u>21,132,636</u>
Current assets			
Debtors	11	15,024,271	22,622,885
Cash at bank and in hand and cash-pooling accounts		10,840,723	1,695,716
		<u>25,864,994</u>	<u>24,318,601</u>
Creditors : amounts falling due within one year	12	(5,215,001)	(4,615,554)
Net current assets		<u>20,649,993</u>	<u>19,703,047</u>
Creditors : amounts falling due at more than one year	13	(12,685,914)	(14,284,821)
Total assets less current liabilities and net assets		<u>26,723,805</u>	<u>26,550,862</u>
Capital and reserves			
Called up share capital	15	34,414,870	34,414,870
Profit and loss account		(7,691,065)	(7,864,008)
		<u>26,723,805</u>	<u>26,550,862</u>

The notes form an integral part of the financial statements.

The financial statements of LVMH Services Limited, registered number 03419040 were approved by the Board of Directors on 27 September 2021.

Signed on behalf of the Board of Directors



M Memmi
Director

LVMH Services Limited

Statement of changes in equity 31 December 2020

	Number of shares	Share capital £	Profit and loss Account £	Total £
As of 1 January 2019	34,414,870	34,414,870	(7,566,914)	26,847,956
Loss for the year	-	-	(297,094)	(297,094)
As of 31 December 2019	34,414,870	34,414,870	(7,864,008)	26,550,862
Loss for the year	-	-	172,943	172,943
As of 31 December 2020	34,414,870	34,414,870	(7,691,065)	26,723,805

LVMH Services Limited

Notes to the financial statements Year ended 31 December 2020

1. Significant accounting policies

Basis of accounting

These financial statements were prepared in accordance with FRS 101 "Reduced Disclosure Framework".

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of LVMH Moët Hennessy-Louis Vuitton SE (Paris, France). The group accounts of LVMH Moët Hennessy-Louis Vuitton SE (Paris, France) are available to the public and can be obtained as set out in note 16.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Going concern

The company made a profit for the year and is in a net asset position and net current asset position at the year-end. The financial statements have been prepared on a going concern basis because the parent undertaking, LVMH Moët Hennessy-Louis Vuitton SE (Paris, France), has provided a written commitment to make adequate funds available to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the 2020 financial statements.

LVMH Services Limited

Notes to the financial statements (continued)

Year ended 31 December 2020

1. Significant accounting policies (continued)

Intangible & tangible fixed assets

Intangible fixed assets are stated at acquisition cost (purchase price and incidental costs, excluding acquisition expenses).

Intangible assets are composed of leasehold rights, amortized over the duration of the underlying leases and of IT software amortized over 3 years.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	- 10% per annum
Office equipment	- 5% to 10% per annum
Computer equipment	- 33.3% per annum
Tangible assets in progress	- not depreciated

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Leases

According to IFRS 16, the entity assesses whether a contract is or contains a lease, at inception of the contract. The entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. The lease liability is presented as a separate line in the financial statement.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the financial statements.

The entity applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Intangible & tangible fixed assets' policy.

The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Cost of sales' in profit or loss.

LVMH Services Limited

Notes to the financial statements (continued) **Year ended 31 December 2020**

1. Significant accounting policies (continued)

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expenses 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 balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, with the following exception: deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Group relief

The company and its fellow group undertakings are able to relieve their tax losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of this group that such losses will not be paid by the recipient Company.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

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.

Critical judgements in applying the Company's accounting policies

The directors believe that there are no critical judgements that have been made in the process of applying the company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

LVMH Services Limited

Notes to the financial statements (continued) Year ended 31 December 2020

1. Significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The directors believe that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, which is at the point of the service being provided. All revenue arose from transactions with LVMH group companies.

Turnover, which is stated net of value added tax, represents amounts received and receivable from the company's continuing principal activities.

	2020	Restated 2019
	£	£
Training	232,720	2,668,854
Supply of services	9,596,431	14,010,912
Rental income	63,000	63,000
Turnover	9,892,151	16,742,766

Turnover by geographic region breaks down as follows:

	2020	Restated 2019
	£	£
United Kingdom	43,168	252,750
Europe (excluding United Kingdom)	9,837,433	16,093,816
Other countries	11,550	396,200
Turnover	9,892,151	16,742,766

LVMH Services Limited

Notes to the financial statements (continued) Year ended 31 December 2020

3. Other income

The other income includes the group cost contribution.

	2020 £	2019 £
Group contribution	3,750,000	960,000
	<u>3,750,000</u>	<u>960,000</u>

4. Operating loss

This is stated after charging:

	2020 £	2019 £
Fees payable to the company's auditors for the audit of the Company's annual accounts	12,800	14,050
Amortisation of intangible assets	3,497	357,948
Depreciation of tangible assets	745,463	640,681
Depreciation of right of use leases assets	1,821,390	1,668,845
Other operating expenses	1,285,143	979,452
Foreign exchange loss	12,041	20,935

5. Staff costs

	2020 £	2019 £
Wages and salaries	4,037,940	7,801,194
Pensions	-	462,402
Social security costs	1,131,315	3,566,143
Recharge of Staff Cost to related party	(116,194)	(1,327,424)
	<u>5,053,061</u>	<u>10,502,315</u>

	2020 No.	2019 No.
The monthly average number of employees during the year was as follows:	<u>16</u>	<u>18</u>

There were no prepaid or accrued pension amounts at year end (2019: £nil).

LVMH Services Limited

Notes to the financial statements (continued)

Year ended 31 December 2020

6. Directors' emoluments

The Directors received emoluments of £230,000 (2019 - £205,000) and pension contributions of £0 (2019 - £0) paid by another company within the LVMH Moët Hennessy-Louis Vuitton SE group.

Directors' emoluments and company contributions to pension plans reflect the highest paid director as only one director is paid by LVMH Services Ltd

7. Interest payable and similar charges, interest receivable and similar income

	2020 £	2019 £
Interest on current account	-	-
Interest on medium term loan	-	-
Interest payable to LVMH Group affiliate	-	-
Interest payable on IFRS 16 leases	336 163	212 867
Interest payable	336,163	212,867
	<hr/>	<hr/>
	2020 £	2019 £
Interest on current account	3,839	51,718
Interest on medium term loan	-	-
Interest receivable from LVMH Group affiliate	3,839	51,718
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LVMH Services Limited

Notes to the financial statements (continued) Year ended 31 December 2020

8. Taxation

(a) Factors affecting current tax charge for the period:

The tax assessed on the loss on ordinary activities for the year differs from the effective standard rate of corporation tax in the UK of 19% for the 2020 fiscal year (2019: 19%). The differences are reconciled below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	259,868	(297,094)
Tax on profit on ordinary activities at standard rate of 19%	49,375	(56,448)
Effects of:		
Income not taxable	(6,630)	(68,644)
Expenses not deductible for tax purposes	4,933	1,745
Taxable gain	-	319
Deferred tax movement not recognised	(10,326)	(72,016)
Depreciation on non-qualifying assets	49,573	66,698
Group relief surrendered for nil payment	-	128,346
Adjustments to tax charge in respect of previous periods	-	-
Total income tax charge/(credit) (Note 7(a))	86,925	-

(b) Deferred tax

There is an estimated deferred tax asset of £355,613 (2019: £305,028) which relates mainly to trading losses and short-term timing differences. No deferred tax asset has been recognised due to the uncertainty in respect of future taxable profits required for the benefit to accrue.

(c) Budget announcements

The standard rate of corporation tax in United Kingdom for the year is 19% (2019: 19%). The corporation tax rate will be increased to 25% from April 2023. The effect of the rate increase is not reflected in the Company's financial statements as it was not substantively enacted at the balance sheet date.

LVMH Services Limited

Notes to the financial statements (continued) Year ended 31 December 2020

9. Intangible assets

	Software £	Assets in progress £	Total £
Cost			
At 1 January 2020	21,306	-	21,306
At 31 December 2019	21,306	-	21,306
Depreciation			
At 1 January 2020	17,809	-	17,809
Provided during the year	3,497	-	3,497
Disposals	-	-	-
At 31 December 2020	21,306	-	21,306
Net book value			
At 31 December 2020	-	-	-
At 31 December 2019	3,497	-	3,497

10. Tangible assets

	*Land and Buildings £	Leasehold improvements £	Office equipment £	Computer equipment £	Tangible assets in progress £	Total £
Cost						
At 1 January 2020	17,477,473	5,830,595	925,145	517,725	20,817	24,771,755
Acquisitions	-	103,195	93,902	-	21,160	218,257
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	(20,817)	(20,817)
At 31 December 2020	17,477,473	5,933,790	1,019,047	517,725	21,160	24,969,195
Depreciation						
At 1 January 2020	1,275,376	1,604,194	355,640	407,106	-	3,642,616
Provided during the year	1,821,390	590,951	90,271	64,241	-	2,566,853
At 31 December 2020	3,096,766	2,195,445	445,911	471,347	-	6,209,469
Net book value						
At 31 December 2020	14,380,707	3,738,345	573,136	46,378	21,160	18,759,726
At 31 December 2019	16,202,097	4,226,101	569,505	110,619	20,817	21,129,139

* Land and buildings category is entirely made of Right of Use assets as per IFRS 16

LVMH Services Limited

Notes to the financial statements (continued) Year ended 31 December 2020

11. Debtors: amounts falling due within one year:

	2020	2019
	£	£
Amounts owed by Group undertakings	13,075,741	19,741,098
Other debtors	1,242,907	2,196,954
Prepayment	705,623	684,834
	<u>15,024,271</u>	<u>22,622,885</u>

12. Creditors: amounts falling due within one year:

	2020	2019
	£	£
Amounts owed to Group undertakings	415,081	498,929
Corporation tax	109,370	4,219
Short-term Lease liabilities	1,598,908	1,705,192
Other taxation and social security	-	169,349
Accrued expenses	99,036	748,145
Other creditors	2,992,606	1,489,720
	<u>5,215,001</u>	<u>4,615,554</u>

13. Creditors: amounts falling due more than one year:

	2020	2019
	£	£
Long-term Lease Liabilities	12,685,914	14,284,821
	<u>12,685,914</u>	<u>14,284,821</u>

14. Related party transactions

The voting rights of the company are entirely controlled by the ultimate parent undertaking, and the company has therefore taken advantage of the exemptions available in FRS 101.8 (k) 'Related Party Disclosures' and has not disclosed transactions with entities which are part of the group in these financial statements.

LVMH Services Limited

Notes to the financial statements (continued) **Year ended 31 December 2020**

15. Called up share capital

	2020 £	2019 £
Authorised		
(2020 : 34,414,870) ordinary shares of £1 each	<u>34,414,870</u>	<u>34,414,870</u>
Allotted, called up and fully paid		
(2020 : 34,414,870) ordinary shares of £1 each	<u>34,414,870</u>	<u>34,414,870</u>

16. Ultimate parent undertaking

The ultimate parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member, and the company's ultimate controlling party, is LVMH Moët Hennessy-Louis Vuitton SE, incorporated in Paris (France). The group financial statements are available to the public and may be obtained at the parent company head office, 22 Avenue Montaigne, 75008 Paris, France.