

**Company Registration No. 03881713**

**Tod's UK Limited**

**Report and Financial Statements**

**31 December 2009**

FRIDAY



"LLSROLQO"

LD3

16/07/2010

214

COMPANIES HOUSE

# **Tod's UK Limited**

## **Report and financial statements 2009**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the accounts</b>	<b>8</b>

# **Tod's UK Limited**

## **Report and financial statements 2009**

### **Officers and professional advisers**

#### **Directors**

Andrea Della Valle  
Diego Della Valle  
Emilio Macellari

#### **Secretary**

Bibi Rahima Ally

#### **Registered Office**

10 Norwich Street  
London  
EC4A 1BD

#### **Bankers**

HSBC Bank Plc  
129 New Bond Street  
London  
W1A 2JA

#### **Solicitors**

MacFarlanes  
10 Norwich Street  
London  
EC4A 1BD

#### **Auditors**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
London

# **Tod's UK Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

### **Principal activities**

The principal activity of the company is the sale of luxury footwear and leather goods to the UK market

### **Review of business**

Tod's UK Limited distribute in the United Kingdom goods branded TOD'S, HOGAN and ROGER VIVIER, brands that TOD'S S P A, the ultimate holding company and a leader in the world-wide luxury goods sector, produces and distributes as owner or through license

The company distributes the goods through a chain of four directly operated stores (DOS) located in the United Kingdom

Turnover for the period was £10,356,374 (2008 £8,082,538) The results for the company show a pre-tax profit of £1,625,016 (2008 £316,801)

Tod's UK Limited has shown considerable growth and sustained development during 2009, this is despite the continuing pressures imposed by the downturn in the global economic environment which started in the second quarter of 2008 The Company's significant increase in turnover is attributable to the value of established strategies which focus on mid-to-long term performance and is resulting in strengthened brand presence in the United Kingdom

The directors consider the company's trading result to be satisfactory The directors do not foresee that there will be any change in the company's activities for the foreseeable future

### **Research and development**

These activities are performed exclusively by the ultimate parent company TOD'S S P A

Considering the particular nature of the Group's products, the research and development activity mainly consists of ongoing technical and design changes to product models as well as the important process of continuously upgrading the materials which go into products

### **Principal risks and uncertainties**

Competitive pressure is a risk for the company, which could result in it losing sales to its key competitors The company manages this risk through the development of new and innovative products, promotion and advertising of products and by maintaining strong relationships with customers

In preparing the financial statements, the directors have adopted the going concern basis as set out in note 1

### **Financial risk management objectives and policies**

The company's operations expose it to a variety of financial risks including price risk, liquidity risk and interest rate risk However, these risks are limited by the activities of the company and by monitoring levels of debt finance and the related finance costs

#### *Price risk*

The company is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in the UK The company has no exposure to equity securities price risk as it holds no listed or other equity investments

# Tod's UK Limited

## Directors' report (continued)

### *Liquidity risk*

The company actively maintains funds to ensure sufficient availability for operations and planned expansions

### *Interest rate risk*

The company has both interest bearing asset and interest bearing liabilities. Interest bearing assets are limited to cash balances. The company has a policy of reviewing debt interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

### **Key Performance Indicators ("KPI's")**

Given the nature of the business, the company's directors believe that further KPI analysis beyond that disclosed in the Review of business section above is not necessary for an understanding of the development, performance and position of the business.

### **Charitable Donations**

Charitable donations made in the period total £39,302 (2008: £nil)

The company made no political donations in either the current or the prior year.

### **Dividends**

No dividend has been paid in the period (2008: £nil)

### **Directors**

The directors of the company at 31 December 2009 and who served throughout the year under review were:

Andrea Della Valle  
Diego Della Vale  
Emilio Macellari

### **Auditors**

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 auditors are 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 auditors are aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditors 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



E Macellari  
Director

16<sup>th</sup> March 2010

## **Tod's UK Limited**

### **Statement of directors' responsibilities**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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 auditors' report to the members of Tod's UK Limited**

We have audited the financial statements of Tod's UK Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As more fully explained in the Directors' Responsibilities Statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on matters prescribed in the Companies Act 2006**

- In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Sarah Shillingford*

Sarah Shillingford (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom  
17 May 2010

## Tod's UK Limited

### Profit and loss account Year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	1	10,356,374	8,082,538
Cost of sales		(4,287,053)	(3,425,878)
<b>Gross profit</b>		<b>6,069,321</b>	<b>4,656,660</b>
Administrative costs		(4,744,526)	(4,563,624)
Other operating income		190,243	138,355
<b>Operating profit</b>		<b>1,515,038</b>	<b>231,391</b>
Dividend received		150,000	150,000
<b>Profit on ordinary activities before interest</b>		<b>1,665,038</b>	<b>381,391</b>
Interest receivable and similar income		6	12,542
Interest payable and similar charges	3	(40,028)	(77,132)
<b>Profit on ordinary activities before taxation</b>	4	<b>1,625,016</b>	<b>316,801</b>
Tax on profit on ordinary activities	5	(474,876)	(118,292)
<b>Retained profit for the financial year</b>	12	<b>1,150,140</b>	<b>198,509</b>

All of the company's activities are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above. As a result, no statement of total recognised gains and losses has been presented



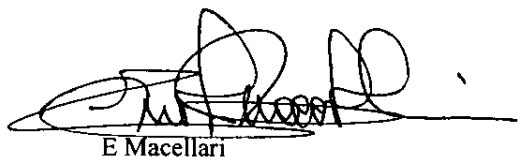
**Balance sheet**  
**31 December 2009**

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	6	1,725,544	1,697,731
Investments	7	1	1
		<u>1,725,545</u>	<u>1,697,732</u>
<b>Current assets</b>			
Stocks	8	2,068,721	2,089,994
Debtors	9	991,543	1,026,760
Cash at bank and in hand		614,702	448,905
		<u>3,674,966</u>	<u>3,565,659</u>
<b>Creditors: amounts falling due within one year</b>	10	(2,465,856)	(3,482,212)
<b>Net current assets</b>		<u>1,209,110</u>	<u>83,447</u>
<b>Total assets less current liabilities</b>		<u>2,934,655</u>	<u>1,781,179</u>
<b>Provisions – deferred tax liability</b>	5	(3,336)	-
<b>Net assets</b>		<u>2,931,319</u>	<u>1,781,179</u>
<b>Capital and reserves</b>			
Called up share capital	11	350,000	350,000
Profit and loss account	12	2,581,319	1,431,179
<b>Shareholder's funds</b>	13	<u>2,931,319</u>	<u>1,781,179</u>

These financial statements were approved by the Board of Directors on

16<sup>th</sup> March 2010

Signed on behalf of the Board of Directors



E Macellari

Director

# Tod's UK Limited

## Notes to the accounts Year ended 31 December 2009

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. After making enquiries, the directors have a reasonable expectation that the company will have access to adequate resources. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is consolidated into the accounts of a larger group, Tod's S.p.A., a company registered in Italy.

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax and deduction of trade discounts. All turnover is derived in the United Kingdom.

#### Investments

Investments are recognised at cost less any provision for impairment.

#### Fixed assets

All fixed assets are initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- |                        |   |  |
|------------------------|---|--|
| Leasehold improvements | - | Straight line over the life of the lease   |
| Fixtures and fittings  | - | During the first four years assets are written off on a reducing balance basis at a rate of 25%. |
|                        |   | In the fifth year, depreciation is accelerated to depreciate the asset in full.                  |

#### Stock

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stocks stated at cost are determined on a weighted average cost basis.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

#### Foreign currencies

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

## Tod's UK Limited

### Notes to the accounts Year ended 31 December 2009

#### 1. Accounting policies (continued)

##### Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured on an undiscounted basis

#### 2 Staff costs

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

	2009 No.	2008 No.
Boutique Personnel	31	30
Administration Personnel	9	8
	<u>40</u>	<u>38</u>

The aggregate payroll costs of the above were

	2009 £	2008 £
Wage and salaries	1,019,465	851,641
Social security costs	106,827	87,076
	<u>1,126,292</u>	<u>938,717</u>

No emoluments were paid to directors in either the current or preceding year

#### 3 Interest payable and similar charges

	2009 £	2008 £
Interest payable to Group undertakings	<u>40,028</u>	<u>77,132</u>

## Tod's UK Limited

### Notes to the accounts Year ended 31 December 2009

#### 4. Operating profit

	2009 £	2008 £
Profit on ordinary activities before taxation is stated after charging		
Depreciation on owned assets	327,991	299,568
Auditors' remuneration		
- fees payable to the company's auditors for the audit of the company's annual accounts	23,500	23,500
Operating leases		
- land and buildings	1,737,590	1,659,773
Loss on disposal of fixed assets	10,748	30,673
Foreign currency (gains)/losses	(6,487)	38,926
Other operating income		
- Contribution from group undertaking	(123,086)	(118,327)
	<u>          </u>	<u>          </u>

#### 5. Tax charge on profit on ordinary activities

	2009 £	2008 £
United Kingdom corporation tax charge at 28.0% (2008 – 28.5%)	435,217	92,750
Adjustments in respect of prior years	(5,562)	6,814
	<u>          </u>	<u>          </u>
Total current tax charge	429,655	99,564
Deferred tax charge	45,221	20,774
Adjustment in respect of prior period	-	(6,522)
Effect of rate change on opening balance	-	4,476
	<u>          </u>	<u>          </u>
	45,221	18,728
	<u>          </u>	<u>          </u>
Total charge on profit on ordinary activities	474,876	118,292
	<u>          </u>	<u>          </u>

## Tod's UK Limited

### Notes to the accounts

#### Year ended 31 December 2009

##### 5. Tax on profit on ordinary activities (continued)

###### Factors affecting tax charge for the year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in UK. The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	1,625,016	316,801
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.0% (2008 – 28.5%)	455,814	90,279
Effects of		
Expenses not deductible for tax purposes	11,493	35,278
Excess of capital allowances over depreciation	(25,055)	(19,453)
Adjustments in respect of prior years	(5,562)	6,814
Other timing differences	(7,035)	(13,354)
Current tax charge	429,655	99,564

The deferred tax asset is made up as follows

	2009 £	2008 £
Accelerated capital allowances	(57,858)	(31,133)
Short-term timing difference	54,522	73,018
Total deferred tax asset/(liability)	(3,336)	41,885

	Deferred tax £
Deferred tax asset at the beginning of the year (see note 9)	41,885
Charged in year	(45,221)
Deferred tax liability at the end of the year	(3,336)

# Tod's UK Limited

## Notes to the accounts Year ended 31 December 2009

### 6. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2009	1,599,512	906,715	2,506,227
Additions	110,450	261,967	372,417
Disposals	(14,094)	(12,645)	(26,739)
At 31 December 2009	1,695,868	1,156,037	2,851,905
<b>Depreciation</b>			
At 1 January 2009	537,731	270,765	808,496
Charge for the year	136,748	191,243	327,991
Disposals	(6,799)	(3,327)	(10,126)
At 31 December 2009	667,680	458,681	1,126,361
<b>Net book value</b>			
At 31 December 2009	1,028,188	697,356	1,725,544
At 31 December 2008	1,061,781	635,950	1,697,731

### 7. Investments

	2009 £	2008 £
Investments in which the company has a joint interest	1	1

The company directly holds 50% of the nominal value of the issued shares of Webcover Limited, being 1 ordinary share of £1 each. Webcover Limited is incorporated in the United Kingdom. The principal activity of Webcover Limited is in the retail of footwear and leather goods. Tod's UK Limited has joint ownership and control of Webcover Limited. The company is exempt from preparing group accounts and, accordingly, the results and assets of the joint venture are not consolidated in these accounts.

Webcover's capital and reserves at 31 December 2009 were £1,090,712 (2008: £875,711) and the profit for the year was £515,001 (2008: £306,389).

### 8. Stock

	2009 £	2008 £
Finished goods	2,068,721	2,089,994

There is no material difference between the balance sheet value of stock and its replacement cost.

# Tod's UK Limited

## Notes to the accounts Year ended 31 December 2009

### 9. Debtors

	2009 £	2008 £
Other debtors	278,846	244,217
Deferred tax asset (see note 5)	-	41,885
Prepayments	712,697	740,658
	<u>991,543</u>	<u>1,026,760</u>

### 10. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	313,073	205,550
Amounts owed to group undertakings	1,450,749	2,919,393
Taxation and social security	233,520	167,570
Other creditors	3,143	2,814
Corporation tax	346,234	61,208
Accruals and deferred income	119,137	125,677
	<u>2,465,856</u>	<u>3,482,212</u>

Amounts owed to group undertakings included a loan of £316,791 (2008 £370,102) from Tod's International B V, which bears interest at a rate of 1.5% above Barclays base rate per annum from 1 January 2003 and is repayable on demand

### 11. Called up share capital

	2009 £	2008 £
<b>Authorised:</b>		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
<b>Called up, allotted and fully paid</b>		
350,000 ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>

### 12. Reserves

	Profit and loss account £
At 1 January 2009	1,431,179
Retained profit for the year	<u>1,150,140</u>
At 31 December 2009	<u>2,581,319</u>

## Tod's UK Limited

### Notes to the accounts Year ended 31 December 2009

#### 13. Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Opening shareholder's funds	1,781,179	1,582,670
Profit for the financial year	1,150,140	198,509
Closing shareholder's funds	<u>2,931,319</u>	<u>1,781,179</u>

#### 14. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following annual payments falling due on leases expiring

	Land and buildings	
	2009 £	2008 £
Between two and five years	373,107	366,561
After five years	<u>1,231,376</u>	<u>1,206,863</u>

#### 15. Ultimate Parent company

The directors regard Tod's International B V , a company incorporated in the Netherlands, as the immediate holding company and Tod's S p A a company incorporated in Italy is regarded as the ultimate holding company and controlling party and smallest and largest group in which the results of the company are consolidated

Copies of their accounts are available from the registered office at Via Filippo Della Valle, 1-63019 Sant' Elpidio a Mare (FM), Italy

#### 16. Related party transactions

The company has taken advantage of the exemption in FRS 8 concerning related party transactions by virtue of its status as a 100% owned subsidiary of a parent company whose accounts are made publicly available