

**Company Registration No. 04434550**

**Fashion Box UK Limited**

**Report and Financial Statements**

**31 December 2011**

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# **Fashion Box UK Limited**

## **Report and financial statements 2011**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Director's report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditor's 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>

# **Fashion Box UK Limited**

## **Report and financial statements 2011**

### **Officers and professional advisers**

#### **Director**

A Biancardi

#### **Registered Office**

4 Holford Yard  
Cruikshank Street  
London  
WC1X 9HD

#### **Bankers**

HSBC Bank Plc  
13 Chapel Street  
Stratford-Upon-Avon  
Warwickshire  
CV37 6ET

Royal Bank of Scotland Plc  
250 Bishopsgate  
London  
EC2M 4AA

#### **Solicitors**

Field Fisher Waterhouse  
35 Vine Street  
London  
EC3N 2AA

#### **Auditor**

Deloitte LLP  
Chartered Accountants  
London, United Kingdom

# **Fashion Box UK Limited**

## **Director's report**

The director presents the annual report and the audited financial statements of Fashion Box UK Limited for the year ended 31 December 2011

### **Principal activity, business review and future prospects**

The company was incorporated on 9 May 2002 and is a wholly owned subsidiary of Fashion Box International S A

During the year, the principal activity of the company is the distribution of key Fashion Box S p A brands within the UK and Ireland

As shown in the company's profit and loss account on page 6, sales increased by 14% over the prior year and the operating loss improved from £1,444,000 to £1,397,000 This performance was expected in light of the current economic climate and the director considers the year end financial position was satisfactory and that the company is well placed to continue and develop its activities in the foreseeable future

The balance sheet on page 7 of the financial statements shows that at the end of the year the company had a net liabilities position

The performance of Fashion Box S p A , which includes this company, is discussed in the group's annual report, which does not form part of these statements

### **Results and dividends**

The company made a loss after tax of £1,397,000 (2010 loss of £1,513,000) The director does not recommend the payment of a dividend (2010 £nil)

### **Director**

The director who served throughout the year is as follows

A Biancardi

### **Financial risk management**

The director believes that he has the policies in place to ensure all potential financial risks are managed effectively The company has receivable balances from third party customers and group companies The director considers that any credit risk the company is exposed to is mitigated as the majority of debtors are insured and there is no reliance on an individual customer

He has reviewed the potential financial risks and believe no further action is required

### **Going concern**

As set out in note 1 to these financial statements the director is satisfied that, given the support available from the parent company, the going concern assumption is the appropriate basis for the preparation of the financial statements

# Fashion Box UK Limited

## Director's report

### Auditor

The 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 auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved and signed by the Director



A Brancardi  
Director

4th April 2012

## **Fashion Box UK Limited**

### **Director's responsibilities statement**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 Fashion Box UK Limited**

We have audited the financial statements of Fashion Box UK Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 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.

### **Respective responsibilities of the director and auditor**

As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information in the Director's 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.



Mary Reilly (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

4<sup>th</sup> April 2012

## Fashion Box UK Limited

### Profit and loss account Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover	1, 2	10,809	9,484
Cost of sales		(7,049)	(5,938)
<b>Gross profit</b>		<b>3,760</b>	<b>3,546</b>
Other operating expenses		(5,274)	(5,170)
Other operating income		117	180
<b>Operating loss and loss on ordinary activities before taxation</b>	3	<b>(1,397)</b>	<b>(1,444)</b>
<b>Loss on ordinary activities before taxation</b>	3	<b>(1,397)</b>	<b>(1,444)</b>
Tax on loss on ordinary activities	5	-	(69)
<b>Loss for the financial year</b>	13	<b>(1,397)</b>	<b>(1,513)</b>

All transactions are derived from continuing operations. There are no recognised gains or losses other than as shown above. Accordingly no statement of total recognised gains and losses is presented.

A prior year restatement was made in the current year resulting in a £356k reclassification from other operating income to admin expenses.



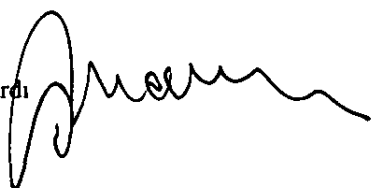
# Fashion Box UK Limited

## Balance sheet 31 December 2011

	Notes	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Intangible assets	6	-	2
Tangible assets	7	529	450
		<u>529</u>	<u>452</u>
<b>Current assets</b>			
Stock	8	774	611
Debtors	9	2,570	2,330
Cash at bank and in hand		450	451
		<u>3,794</u>	<u>3,392</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(5,467)</u>	<u>(3,591)</u>
<b>Net current liabilities</b>		<u>(1,673)</u>	<u>(199)</u>
<b>Total assets less current liabilities</b>		<u>(1,144)</u>	<u>253</u>
<b>Net (liabilities)/assets</b>		<u>(1,144)</u>	<u>253</u>
<b>Capital and reserves</b>			
Share capital	11	950	950
Capital contribution	12	3,300	3,300
Profit and loss account	13	<u>(5,394)</u>	<u>(3,997)</u>
<b>Shareholders' (deficit)/funds</b>	14	<u>(1,144)</u>	<u>253</u>

The financial statements of Fashion Box UK Limited, registered number 04434550 were approved and signed by the Director on 4<sup>th</sup> April 2012

A Biancardi  
Director



# **Fashion Box UK Limited**

## **Notes to the accounts**

### **Year ended 31 December 2011**

#### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been adopted consistently in the current year and prior year.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemption under Financial Reporting Standard 1 (Revised) ("Cash flow statements") from the obligation to prepare a cash flow statement on the grounds that 90% or more of the voting rights are held within the group.

##### **Going concern**

After making enquiries and taking into consideration the profitability and financial position of the company, the director has prepared the financial statements on a going concern basis. The director considers that the business has access to sufficient funding from its bank combined with its ultimate parent company, Fashion Box S p A, to continue in operation. Fashion Box S p A has provided a written commitment of financial support to provide sufficient funding to the company, to enable it to meet its liabilities as they fall due, for at least the next twelve months – from the date of signing these accounts.

##### **Turnover**

Turnover comprises the value of sales invoiced on despatch and store takings net of Value Added Tax.

##### **Intangible fixed assets**

Intangible fixed assets represent an acquired lease premium recorded at historical cost and being amortised on a straight-line basis over the lease term.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation has been provided in order to write off the cost of depreciable fixed assets over their useful lives, as follows:

Showroom fixtures and fittings	20% straight-line
Plant and machinery	25% straight-line

##### **Stocks**

Stocks are stated at lower of cost and net realisable value. Stocks represent finished goods only. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Taxation**

Current UK corporation 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 provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# Fashion Box UK Limited

## Notes to the accounts

Year ended 31 December 2011

### 1. Accounting policies (continued)

#### Foreign currency

Transactions in foreign currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

#### Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

#### Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### Pension costs

The company provides pensions to certain employees through a number of defined contribution pension schemes. The amounts charged to the profit and loss account are the contributions payable in the year.

### 2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax and any other tax based on the amounts so derived.

	2011 £'000	2010 £'000
<i>Principal activities</i>		
Wholesale business	7,306	6,033
Retail business	3,503	3,451
	<u>10,809</u>	<u>9,484</u>
<i>Geographical analysis</i>		
Europe	10,805	9,474
Rest of the World	4	10
	<u>10,809</u>	<u>9,484</u>

# Fashion Box UK Limited

## Notes to the accounts Year ended 31 December 2011

### 3. Loss on ordinary activities before taxation

Is stated after charging

	2011 £'000	2010 £'000
Depreciation of fixed assets	206	287
Amortisation of lease premium	-	5
Operating lease rentals		
- Plant and machinery	23	23
- Land and buildings	1,684	1,603
Auditor's remuneration – fees payable to the company's auditor for the audit of the company's annual accounts	18	17
Auditor's remuneration – non audit fees (tax compliance services)	4	11
	<u>          </u>	<u>          </u>

### 4. Staff costs

	2011 No	2010 No.
<b>Average number of persons employed</b>		
Stores	44	39
Wholesale distribution	8	8
Administration	4	3
	<u>          </u>	<u>          </u>
Total staff	56	50
	<u>          </u>	<u>          </u>
	£'000	£'000
<b>Staff costs during the year (including director)</b>		
Aggregate salaries and wages	1,306	1,265
Social security costs	123	117
	<u>          </u>	<u>          </u>
	1,429	1,382
	<u>          </u>	<u>          </u>

The director received no remuneration in respect of his services to the company in the current year (2010 £nil)

## Fashion Box UK Limited

### Notes to the accounts Year ended 31 December 2011

#### 5. Tax on loss on ordinary activities

	2011 £'000	2010 £'000
<b>Current tax</b>		
United Kingdom corporation tax	-	-
Adjustment in respect of previous periods	-	69
	<u>-</u>	<u>69</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	£'000	£'000
Loss on ordinary activities before taxation	(1,397)	(1,444)
UK corporation tax at 26.49% (2010: 28%) thereon	(370)	(404)
Expenses not deductible for tax purposes	39	21
Capital allowances in excess of depreciation	22	40
Utilisation of tax losses	334	339
Movement in short term timing	(25)	4
Prior period adjustment	-	69
Current tax charge	<u>-</u>	<u>69</u>

A deferred tax asset of £1,168,181 at 31 December 2011 (2010: £924,568) has not been recognised in respect of timing differences relating to fixed assets (£256,471), tax losses (£911,710) and short term timing differences (nil). This is due to there being insufficient evidence that the asset will be recovered.

#### 6. Intangible fixed assets

	Lease premium £'000
<b>Cost</b>	
At 1 January 2011 and 31 December 2011	275
Disposals	(25)
At 31 December 2011	<u>250</u>
<b>Amortisation</b>	
At 1 January 2011	273
Disposals	(23)
At 31 December 2011	<u>250</u>
<b>Net book value</b>	
At 31 December 2011	<u>-</u>
At 31 December 2010	<u>2</u>

# Fashion Box UK Limited

## Notes to the accounts Year ended 31 December 2011

### 7. Tangible fixed assets

	Showroom fixtures and fittings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 January 2011	2,752	80	2,832
Additions	301	6	307
Disposals	(389)	(1)	(390)
At 31 December 2011	2,664	85	2,749
<b>Depreciation</b>			
At 1 January 2011	2,312	70	2,382
Charge for the year	200	6	206
Disposals	(368)	-	(368)
At 31 December 2011	2,144	76	2,220
<b>Net book value</b>			
At 31 December 2011	520	9	529
At 31 December 2010	440	10	450

### 8. Stock

	2011 £'000	2010 £'000
Finished goods	774	611

### 9 Debtors

	2011 £'000	2010 £'000
Trade debtors	1,521	1,206
Amounts owed by group undertakings	428	555
Other debtors	189	154
Prepayments and accrued income	432	415
	2,570	2,330

# Fashion Box UK Limited

## Notes to the accounts Year ended 31 December 2011

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

	2011 £'000	2010 £'000
Trade creditors	301	191
Amounts owed to group undertakings	4,462	2,567
Other creditors including taxation and social security	520	384
Accruals and deferred income	184	449
	<u>5,467</u>	<u>3,591</u>

### 11. Called up share capital

	2011 £'000	2010 £'000
<b>Authorised</b>		
950,000 ordinary shares of £1 each	<u>950</u>	<u>950</u>
<b>Called up, allotted and fully paid:</b>		
950,000 ordinary shares of £1 each	<u>950</u>	<u>950</u>

### 12. Capital contribution reserve

	£'000
At 1 January 2011 and 31 December 2011	<u>3,300</u>

### 13. Profit and loss account

	£'000
At 1 January 2011	(3,997)
Loss for the financial year	<u>(1,397)</u>
At 31 December 2011	<u>(5,394)</u>

## Fashion Box UK Limited

### Notes to the accounts

Year ended 31 December 2011

#### 14. Reconciliation of movement in shareholders' (deficit)/funds

	2011 £'000	2010 £'000
Loss for the financial year	(1,397)	(1,513)
Capital contribution	-	2,500
Net deduction to shareholders' funds	(1,397)	(987)
Opening shareholders' funds/(deficit)	253	(734)
Closing shareholders' (deficit)/funds	(1,144)	253

#### 15. Lease commitments

The minimum annual operating lease rentals are as follows

	2011		2010	
	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000
Leases which expire				
Within one year	16			
Between two and five years	7	726	23	-
After five years		775	-	1,546

#### 16. Related party transactions

As a subsidiary undertaking of Fashion Box S p A the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Fashion Box S p A

#### 17. Ultimate parent company

The company's immediate parent company is Fashion Box International S p A. The director regards Equibox S p A, a company incorporated in Italy, as the ultimate parent company and the ultimate controlling party.

Fashion Box S p A is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Fashion Box S p A Via Marcoa 1, 31010 Casella d'Asolo Treviso, Italy.