

Company Registration No. 04434550

Fashion Box UK Limited

Report and Financial Statements

31 December 2013

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Fashion Box UK Limited

Report and financial statements 2013

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Fashion Box UK Limited

Report and financial statements 2013

Officers and professional advisers

Director

E Volpi

Registered Office

4 Holford Yard
Cruikshank Street
London
WC1X 9HD

Bankers

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

BNP Paribas Bank
10 Harewood Avenue
London
NW1 6AA

Solicitors

Field Fisher Waterhouse
35 Vine Street
London
EC3N 2AA

Auditor

Deloitte LLP
London

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 2013.

Principal activity

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.

Results and dividends

The company made a loss after tax of £1,482,500 (2012: loss of £2,090,719). The director does not recommend the payment of a dividend (2012: £nil).

Director

The directors who served throughout and during the year are as follows:

A. Biancardi (resigned 03.05.2013)

E. Volpi

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.

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 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.

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



E. Volpi
Director

April 15th, 2014

Fashion Box UK Limited

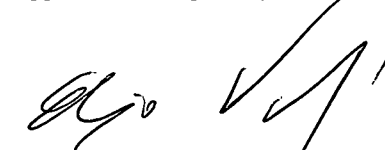
Strategic report

As shown in the company's profit and loss account on page 6, sales increased by 0.5% over the prior year and the operating loss decreased from £2,091,000 to £1,482,500. This performance was expected in light of the current economic climate and the director considers the year-end financial position to be 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.

Approved and signed by the Director



E Volpi
Director

April 1st, 2014

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 judgements 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 2013 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 2013 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 given in the Strategic Report and 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.



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

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Fashion Box UK Limited

Profit and loss account Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	1, 2	11,186	11,143
Cost of sales		(7,964)	(7,452)
Gross profit		<u>3,222</u>	<u>3,691</u>
Other operating expenses		(4,705)	(5,787)
Other operating income		<u>-</u>	<u>5</u>
Operating loss and loss on ordinary activities before taxation	3	<u>(1,483)</u>	<u>(2,091)</u>
Loss on ordinary activities before taxation	3	(1,483)	(2,091)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Loss for the financial year	13	<u><u>(1,483)</u></u>	<u><u>(2,091)</u></u>

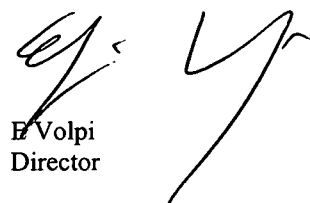
All transactions are derived from continuing operations. There are no recognised gains or losses other than as shown above. Accordingly no statement of total recognised gains and losses is presented.

Fashion Box UK Limited

Balance sheet 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	6	290	351
		<u>290</u>	<u>351</u>
Current assets			
Stock	7	760	944
Debtors	8	4,681	4,574
Cash at bank and in hand		330	332
		<u>5,771</u>	<u>5,850</u>
Creditors: amounts falling due within one year	9	(7,719)	(7,436)
Net current liabilities		<u>(1,948)</u>	<u>(1,586)</u>
Total assets less current liabilities		<u>(1,658)</u>	<u>(1,235)</u>
Creditors: Amounts falling due after more than one year		(60)	-
Net liabilities	10	<u>(1,718)</u>	<u>(1,235)</u>
Capital and reserves			
Share capital	11	950	950
Capital contribution	12	6,300	5,300
Profit and loss account	13	(8,968)	(7,485)
Shareholders' deficit	14	<u>(1,718)</u>	<u>(1,235)</u>

The financial statements of Fashion Box UK Limited, registered number 04434550 were approved and signed by the Director on *April 1st* 2014.


E Volpi
Director

Fashion Box UK Limited

Notes to the financial statements Year ended 31 December 2013

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 financial statements Year ended 31 December 2013

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.

	2013 £'000	2012 £'000
<i>Principal activities</i>		
Wholesale business	8,289	7,766
Retail business	2,897	3,377
	<u>11,186</u>	<u>11,143</u>
<i>Geographical analysis</i>		
Europe	11,183	11,137
Rest of the World	3	6
	<u>11,186</u>	<u>11,143</u>

Fashion Box UK Limited

Notes to the financial statements Year ended 31 December 2013

3. Loss on ordinary activities before taxation

Is stated after charging:

	2013 £'000	2012 £'000
Depreciation of fixed assets	125	263
Amortisation of lease premium	-	-
Operating lease rentals:		
- Plant and machinery	26	25
- Land and buildings	1,314	1,524
Auditor's remuneration – fees payable to the company's auditor for the audit of the company's annual accounts	17	17
Auditor's remuneration – non audit fees (tax compliance services)	6	4
	<u> </u>	<u> </u>

4. Staff costs

	2013 No.	2012 No.
Average number of persons employed		
Stores	55	52
Wholesale distribution	7	8
Administration	2	3
Total staff	<u>64</u>	<u>63</u>
	£'000	£'000
Staff costs during the year (including director)		
Aggregate salaries and wages	1,444	1,461
Social security costs	105	124
Pension costs	5	5
	<u>1,554</u>	<u>1,590</u>

The Company operates a defined contribution scheme for which the pension cost charge in the year amounted to £4,770 (2012: £4,770).

The director received no remuneration in respect of his services to the company in the current year (2012: £nil).

Fashion Box UK Limited

Notes to the financial statements Year ended 31 December 2013

5. Tax on loss on ordinary activities

	2013 £'000	2012 £'000
Current tax		
United Kingdom corporation tax	-	-

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	(1,483)	(2,091)
UK corporation tax at 23.25% (2012: 24.5%) thereon:	(345)	(512)
Expenses not deductible for tax purposes	2	20
Capital allowances in excess of depreciation	41	29
Utilisation of tax losses	302	463
Movement in short term timing	-	-
Current tax charge	-	-

A deferred tax asset of £1,646,430 at 31 December 2013 (2012: £1,552,534) has not been recognised in respect of timing differences relating to fixed assets (£263,191), tax losses (£1,289,344) and short term timing differences (nil). This is due to there being insufficient evidence that the asset will be recovered.

6. Tangible fixed assets

	Showroom fixtures and fittings £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 January 2013	2,746	88	2,834
Additions	108	5	113
Disposals	(1,244)	(19)	(1,263)
At 31 December 2013	1,610	74	1,684
Depreciation			
At 1 January 2013	2,400	83	2,483
Charge for the year	122	3	125
Disposals	(1,196)	(19)	(1,214)
At 31 December 2013	1,326	67	1,394
Net book value			
At 31 December 2013	284	7	290
At 31 December 2012	346	5	351

Fashion Box UK Limited

Notes to the financial statements Year ended 31 December 2013

7. Stock

	2013 £'000	2012 £'000
Finished goods	760	944

8. Debtors

	2013 £'000	2012 £'000
Trade debtors	2,305	1,618
Amounts owed by group undertakings	1,879	2,221
Other debtors	216	286
Prepayments and accrued income	281	449
	4,681	4,574

9. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	261	216
Amounts owed to group undertakings	6,377	6,430
Other creditors including taxation and social security	1,001	674
Accruals and deferred income	80	116
	7,719	7,436

10. Creditors: amounts falling due after one year

	2013 £'000	2012 £'000
Trade creditors	60	-
	60	-

Fashion Box UK Limited

Notes to the financial statements Year ended 31 December 2013

11. Called up share capital

	2013 £'000	2012 £'000
Authorised:		
950,000 ordinary shares of £1 each	950	950
Called up, allotted and fully paid:		
950,000 ordinary shares of £1 each	950	950

12. Capital contribution reserve

	£'000
At 1 January 2013	5,300
Capital contributed in the financial year	1,000
At 31 December 2013	6,300

13. Profit and loss account

	£'000
At 1 January 2013	(7,485)
Loss for the financial year	(1,483)
At 31 December 2013	(8,968)

14. Reconciliation of movement in shareholders' (deficit)

	2013 £'000	2012 £'000
Loss for the financial year	(1,483)	(2,091)
Capital contribution	1,000	2,000
Net deduction to shareholders' deficit	(483)	(91)
Opening shareholders' (deficit)	(1,235)	(1,144)
Closing shareholders' deficit	(1,718)	(1,235)

Fashion Box UK Limited

Notes to the financial statements Year ended 31 December 2013

15. Lease commitments

The minimum annual operating lease rentals are as follows:

	2013		2012	
	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000
Leases which expire:				
Within one year	-	-	-	231
Between two and five years	23	742	14	742
After five years	-	179	11	551
	<u>23</u>	<u>921</u>	<u>25</u>	<u>1,524</u>

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 Marcoai 1, 31010 Casella d'Asolo Treviso, Italy.