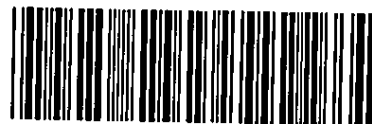


COMPANY REGISTRATION NUMBER 05895246

**VALENTINO ENGLAND LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2010**

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VALENTINO ENGLAND LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

CONTENTS	PAGE
The directors' report	1
Independent auditor's report to the shareholder	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7
The following pages do not form part of the financial statements	
Detailed profit and loss account	16
Notes to the detailed profit and loss account	17

VALENTINO ENGLAND LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was distribution and sale of women's and men's luxury apparel and accessories

The directors expect the trading position to improve in the coming year and they consider that there are no significant risks or uncertainties facing the company

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,598. The directors have not recommended a dividend

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors consider the company's exposure to price risk, credit risk, liquidity risk and cash flow to be low, and consider information relating to their financial risk management objectives and policies to be immaterial for the assessment of assets, liabilities, financial position and profit and loss of the company

DIRECTORS

The directors who served the company during the year were as follows

Mr Vianello

Mr Bartalozzi

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

VALENTINO ENGLAND LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Lipson & Co Limited are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Signed on behalf of the directors



MR BARTALOZZI
Director

Approved by the directors on 29/09/2011

VALENTINO ENGLAND LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
VALENTINO ENGLAND LIMITED

YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Valentino England Limited for the year ended 31 December 2010. 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 shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 2, 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 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE 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 directors, and the overall presentation of the financial statements.

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 2010 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 OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

VALENTINO ENGLAND LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
VALENTINO ENGLAND LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2010

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

MYRON LIPSON FCCA

MYRON LIPSON FCCA (Senior
Statutory Auditor)
For and on behalf of
LIPSON & CO LIMITED
Chartered Certified Accountants
& Statutory Auditor

81A Station Road
London
E4 7BU

30.09.2011

VALENTINO ENGLAND LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
TURNOVER	2	4,274,585	3,307,768
Cost of sales		<u>(2,534,601)</u>	<u>(2,151,440)</u>
GROSS PROFIT		1,739,984	1,156,328
Distribution costs		<u>(575,176)</u>	<u>(489,159)</u>
Administrative expenses		<u>(1,170,751)</u>	<u>(757,758)</u>
Other operating income	3	52,035	25,209
OPERATING PROFIT/(LOSS)	4	46,092	(65,380)
Interest receivable		2,213	2
Interest payable and similar charges	6	<u>(26,468)</u>	<u>(99,342)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		21,837	(164,720)
Tax on profit/(loss) on ordinary activities	7	<u>(16,239)</u>	<u>36,771</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		5,598	(127,949)
Balance brought forward		<u>(356,245)</u>	<u>(228,296)</u>
Balance carried forward		<u>(350,647)</u>	<u>(356,245)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 7 to 14 form part of these financial statements

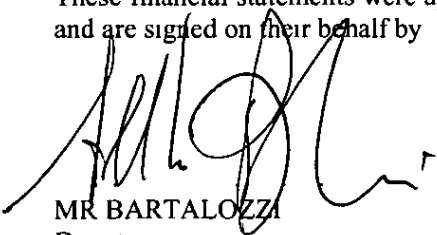
VALENTINO ENGLAND LIMITED

BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	1,062,044	940,796
Investments	9	4,315,563	4,314,223
		<u>5,377,607</u>	<u>5,255,019</u>
CURRENT ASSETS			
Stocks	10	1,135,328	1,316,193
Debtors	11	520,666	1,178,344
Cash at bank and in hand		307,425	151,153
		<u>1,963,419</u>	<u>2,645,690</u>
CREDITORS: Amounts falling due within one year	13	<u>(1,784,882)</u>	<u>(3,479,861)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>178,537</u>	<u>(834,171)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,556,144</u>	<u>4,420,848</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(1,523,986)</u>	<u>(394,288)</u>
		<u>4,032,158</u>	<u>4,026,560</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	4,382,805	4,382,805
Profit and loss account		(350,647)	(356,245)
SHAREHOLDER'S FUNDS	17	<u>4,032,158</u>	<u>4,026,560</u>

These financial statements were approved by the directors and authorised for issue on 23/09/2011 and are signed on their behalf by


MR BARTALOZZI
Director

Company Registration Number 05895246

The notes on pages 7 to 14 form part of these financial statements

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts

Cash flow statement

The company has taken advantage of exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

Turnover

Turnover comprises revenue recognised by the company in respect of services supplied, exclusive of Value Added Tax and trade discounts

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

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 Property	- over 10 years straight line
Fixtures & Fittings	- part over 23& 15 months and part over 10 years straight line
Equipment	- part over 23& 20& 10 months straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

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 inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the 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. 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.

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.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2010 £	2009 £
United Kingdom	4,198,845	3,229,378
EC Countries	75,740	78,390
	<u>4,274,585</u>	<u>3,307,768</u>

3. OTHER OPERATING INCOME

	2010 £	2009 £
Commission receivable	34,535	17,321
Other operating income	17,500	7,888
	<u>52,035</u>	<u>25,209</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	2010 £	2009 £
Directors' remuneration	—	—
Depreciation of owned fixed assets	118,017	72,805
Net loss/(profit) on foreign currency translation	4,200	(21,649)
Auditor's remuneration	<u>2,000</u>	<u>2,000</u>
	2010 £	2009 £
Auditor's remuneration - audit of the financial statements	<u>2,000</u>	<u>2,000</u>

5. PARTICULARS OF EMPLOYEES

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

	2010 No	2009 No
Number of production staff	<u>15</u>	<u>12</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	306,382	217,274
Social security costs	<u>24,753</u>	<u>17,804</u>
	<u>331,135</u>	<u>235,078</u>

The average monthly number of employees, including the directors, during the year was as follows

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Other similar charges payable	<u>26,468</u>	<u>99,342</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

7 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2010		2009
	£	£	£
Deferred tax			
Origination and reversal of timing differences (note 12)			
Effect of corporation tax losses	17,348		(74,557)
Accelerated capital allowances	(4,480)		37,786
Other timing differences	3,371		-
	<u> </u>		<u> </u>
Total deferred tax (note 12)		<u>16,239</u>	<u>(36,771)</u>

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010	2009
	£	£
Profit/(loss) on ordinary activities before taxation	<u>21,837</u>	<u>(164,720)</u>
Profit/(loss) on ordinary activities by rate of tax	6,114	(46,122)
Expenses not deductible for tax purposes	9,801	9,351
Capital allowances for period in excess of depreciation	(3,395)	(37,786)
Effect of corporation tax losses	<u>(12,520)</u>	<u>74,557</u>
	<u> </u>	<u> </u>
Total current tax	<u>-</u>	<u>-</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 January 2010	916,218	252,536	11,426	1,180,180
Additions	–	296,898	–	296,898
Disposals	(57,633)	–	–	(57,633)
At 31 December 2010	858,585	549,434	11,426	1,419,445
DEPRECIATION				
At 1 January 2010	60,039	176,041	3,304	239,384
Charge for the year	95,366	21,748	903	118,017
At 31 December 2010	155,405	197,789	4,207	357,401
NET BOOK VALUE				
At 31 December 2010	703,180	351,645	7,219	1,062,044
At 31 December 2009	856,179	76,495	8,122	940,796

9. INVESTMENTS

	Subsidiary Undertaking £
COST	
At 1 January 2010	4,314,223
Additions	1,340
At 31 December 2010	4,315,563
NET BOOK VALUE	
At 31 December 2010	4,315,563
At 31 December 2009	4,314,223

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

9. INVESTMENTS *(continued)*

The company holds 100% of the issued ordinary share capital of the following companies

Subsidiary undertakings	Country of incorporation
Twenty One LA Limited	England

The aggregate amount of capital and reserves and the results of the associate undertakings for the last financial year were as follows

	2010 £	2009 £
Aggregate capital and reserves		
Twenty One LA Limited	980,370	854,448
	2010 £	2009 £
Profit and (loss) for the year		
Twenty One LA Limited	125,922	(203,520)

10. STOCKS

	2010 £	2009 £
Stock	<u>1,135,328</u>	<u>1,316,193</u>

11. DEBTORS

	2010 £	2009 £
Trade debtors	244,636	608,913
Amounts owed by group undertakings	91,791	113,288
Other debtors	11,447	309,113
Prepayments and accrued income	64,793	22,792
Deferred taxation (note 12)	107,999	124,238
	<u>520,666</u>	<u>1,178,344</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

12 DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2010	2009
	£	£
Included in debtors (note 11)	<u>107,999</u>	<u>124,238</u>

The movement in the deferred taxation account during the year was

	2010	2009
	£	£
Balance brought forward	124,238	87,467
Profit and loss account movement arising during the year	<u>(16,239)</u>	<u>36,771</u>
Balance carried forward	<u>107,999</u>	<u>124,238</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010	2009
	£	£
Excess of depreciation over taxation allowances	143,268	160,616
Tax losses available	<u>(35,269)</u>	<u>(39,749)</u>
Other timing differences	<u>-</u>	<u>3,371</u>
	<u>107,999</u>	<u>124,238</u>

13. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	370,218	967,334
Amounts owed to group undertakings	847,766	2,290,529
Other creditors including taxation and social security		
PAYE and social security	-	850
VAT	88,061	35,832
Other creditors	<u>3,983</u>	<u>-</u>
	92,044	36,682
Accruals and deferred income	<u>474,854</u>	<u>185,316</u>
	<u>1,784,882</u>	<u>3,479,861</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

14. CREDITORS: Amounts falling due after more than one year

	2010	2009
	£	£
Amounts owed to group undertakings	1,523,986	94,288
Other creditors		
Other creditors	—	300,000
	<u>1,523,986</u>	<u>394,288</u>

15. RELATED PARTIES TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

16. SHARE CAPITAL

Authorised share capital:

	2010	2009
	£	£
5,350,000 Ordinary shares of £1 each	<u>5,350,000</u>	<u>5,350,000</u>

Allotted, called up and fully paid:

	2010	2009
	No	£
4,382,805 Ordinary shares of £1 each	<u>4,382,805</u>	<u>4,382,805</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2010	2009
	£	£
Profit/(Loss) for the financial year	5,598	(127,949)
New ordinary share capital subscribed	—	4,222,805
Net addition to shareholder's funds/(deficit)	5,598	4,094,856
Opening shareholder's funds/(deficit)	<u>4,026,560</u>	<u>(68,296)</u>
Closing shareholder's funds	<u>4,032,158</u>	<u>4,026,560</u>

18. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Valentino S p A The ultimate parent company is Valentino Fashion Group S p A The ultimate controlling party is Permira