

COMPANY REGISTRATION NUMBER 05895246

VALENTINO ENGLAND LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2011



VALENTINO ENGLAND LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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VALENTINO ENGLAND LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2011

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 £462,839. 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 A Bartalozzi

Mr M Piombini (Appointed 24 June 2011)

Mr L Vianello (Resigned 24 June 2011)

RETIREMENT OF DIRECTORS

In accordance with the Articles of Association, Mr M Piombini will retire from the board and, being eligible, will stand for re-appointment

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 year.

In preparing those financial statements, the directors are 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,

VALENTINO ENGLAND LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

- 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 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.

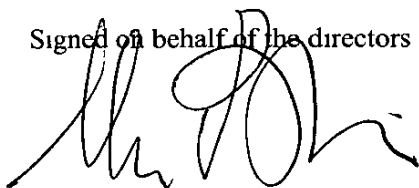
In so far as the directors are aware

- 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

Ashings 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 A Bartalozzi

Director

Approved by the directors on 21/03/2012

VALENTINO ENGLAND LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
VALENTINO ENGLAND LIMITED
YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Valentino England Limited for the year ended 31 December 2011. 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 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 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 management, 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 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 2011

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



DARRYL ASHING FCA (Senior
Statutory Auditor)

For and on behalf of
ASHINGS LIMITED
Chartered Accountants
& Statutory Auditor

Northside House, Mount Pleasant,
Cockfosters, Herts
EN4 9EB

21/9/12

VALENTINO ENGLAND LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
TURNOVER	2	3,920,793	4,274,585
Cost of sales		<u>(2,191,097)</u>	<u>(2,534,601)</u>
GROSS PROFIT		1,729,696	1,739,984
Distribution costs		(629,380)	(575,176)
Administrative expenses		(1,274,179)	(1,170,751)
Other operating income	3	<u>41,771</u>	<u>52,035</u>
OPERATING (LOSS)/PROFIT	4	(132,092)	46,092
Income from shares in group undertakings	6	700,000	—
Interest receivable		8,296	2,213
Interest payable and similar charges	7	<u>(83,857)</u>	<u>(26,468)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		492,347	21,837
Tax on profit on ordinary activities	8	<u>(29,508)</u>	<u>(16,239)</u>
PROFIT FOR THE FINANCIAL YEAR		462,839	5,598
Balance brought forward		<u>(350,647)</u>	<u>(356,245)</u>
Balance carried forward		<u>112,192</u>	<u>(350,647)</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 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	1,001,810	1,062,044
Investments	10	4,315,563	4,315,563
		<u>5,317,373</u>	<u>5,377,607</u>
CURRENT ASSETS			
Stocks	11	1,316,345	1,135,328
Debtors	12	1,147,683	520,666
Cash at bank and in hand		479,629	307,425
		<u>2,943,657</u>	<u>1,963,419</u>
CREDITORS: Amounts falling due within one year	14	<u>(1,266,033)</u>	<u>(1,784,882)</u>
NET CURRENT ASSETS		<u>1,677,624</u>	<u>178,537</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,994,997</u>	<u>5,556,144</u>
CREDITORS: Amounts falling due after more than one year	15	<u>(2,500,000)</u>	<u>(1,523,986)</u>
		<u>4,494,997</u>	<u>4,032,158</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	4,382,805	4,382,805
Profit and loss account		112,192	(350,647)
SHAREHOLDER'S FUNDS	18	<u>4,494,997</u>	<u>4,032,158</u>

These financial statements were approved by the directors and authorised for issue on 21/09/2012 and are signed on their behalf by


Mr A 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 2011

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 2011

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.

	2011 £	2010 £
United Kingdom	3,873,879	4,198,845
Overseas	46,914	75,740
	<u>3,920,793</u>	<u>4,274,585</u>

3. OTHER OPERATING INCOME

	2011 £	2010 £
Commission receivable	41,771	34,535
Other operating income	–	17,500
	<u>41,771</u>	<u>52,035</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2011 £	2010 £
Directors' remuneration	—	—
Depreciation of owned fixed assets	127,482	118,017
Net loss on foreign currency translation	13,390	4,200
Auditor's remuneration	<u>2,000</u>	<u>2,000</u>
	2011 £	2010 £
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

	2011 No	2010 No
Number of production staff	<u>15</u>	<u>12</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	374,472	306,382
Social security costs	<u>28,359</u>	<u>24,753</u>
	<u>402,831</u>	<u>331,135</u>

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

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2011 £	2010 £
Income from group undertakings	<u>700,000</u>	<u>—</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Other similar charges payable	<u>83,857</u>	<u>26,468</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

8. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2011		2010
	£	£	£
Deferred tax			
Origination and reversal of timing differences (note 13)			
Capital allowances	44,608		17,348
Losses	(15,100)		(4,480)
Other	-		3,371
	<u> </u>		<u> </u>
Total deferred tax (note 13)		<u>29,508</u>	<u>16,239</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26% (2010 - 28%)

	2011	2010
	£	£
Profit on ordinary activities before taxation	<u>492,347</u>	<u>21,837</u>
Profit on ordinary activities by rate of tax	128,010	6,114
Expenses not deductible for tax purposes	(169,688)	9,801
Capital allowances for period in excess of depreciation	(6,410)	(3,395)
Effect of corporation tax losses	<u>48,088</u>	<u>(12,520)</u>
	<u> </u>	<u> </u>
Total current tax	<u>-</u>	<u>-</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 January 2011	858,585	549,434	11,426	1,419,445
Additions	—	56,942	10,306	67,248
At 31 December 2011	858,585	606,376	21,732	1,486,693
DEPRECIATION				
At 1 January 2011	155,405	197,789	4,207	357,401
Charge for the year	85,158	40,467	1,857	127,482
At 31 December 2011	240,563	238,256	6,064	484,883
NET BOOK VALUE				
At 31 December 2011	618,022	368,120	15,668	1,001,810
At 31 December 2010	703,180	351,645	7,219	1,062,044

10. INVESTMENTS

	Subsidiary Undertaking £
COST	
At 1 January 2011 and 31 December 2011	4,315,563
NET BOOK VALUE	
At 31 December 2011 and 31 December 2010	4,315,563

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

10. 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

	2011 £	2010 £
Aggregate capital and reserves		
Twenty One LA Limited	693,488	980,370
	2011 £	2010 £
Profit and (loss) for the year		
Twenty One LA Limited	286,882	125,922

11. STOCKS

	2011 £	2010 £
Stock	<u>1,316,345</u>	<u>1,135,328</u>

12. DEBTORS

	2011 £	2010 £
Trade debtors	394,760	244,636
Amounts owed by group undertakings	580,055	91,791
Other debtors	12,508	11,447
Prepayments and accrued income	81,869	64,793
Deferred taxation (note 13)	78,491	107,999
	<u>1,147,683</u>	<u>520,666</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

13. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2011 £	2010 £
Included in debtors (note 12)	<u>78,491</u>	<u>107,999</u>

The movement in the deferred taxation account during the year was

	2011 £	2010 £
Balance brought forward	107,999	124,238
Profit and loss account movement arising during the year	<u>(29,508)</u>	<u>(16,239)</u>
Balance carried forward	<u>78,491</u>	<u>107,999</u>

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

	2011 £	2010 £
Excess of depreciation over taxation allowances	98,660	143,268
Tax losses available	<u>(20,169)</u>	<u>(35,269)</u>
	<u>78,491</u>	<u>107,999</u>

14. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	138,634	370,218
Amounts owed to group undertakings	894,251	847,766
Other creditors including taxation		
VAT	111,618	88,061
Other creditors	<u>—</u>	<u>3,983</u>
	111,618	92,044
Accruals and deferred income	<u>121,530</u>	<u>474,854</u>
	<u>1,266,033</u>	<u>1,784,882</u>

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

	2011 £	2010 £
Amounts owed to group undertakings	<u>2,500,000</u>	<u>1,523,986</u>

VALENTINO ENGLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

16. 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

17. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
4,382,805 Ordinary shares of £1 each	<u>4,382,805</u>	<u>4,382,805</u>	<u>4,382,805</u>	<u>4,382,805</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011	2010
	£	£
Profit for the financial year	462,839	5,598
Opening shareholder's funds	<u>4,032,158</u>	<u>4,026,560</u>
Closing shareholder's funds	<u>4,494,997</u>	<u>4,032,158</u>

19. 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 Mayhoola For Investments