

# **Carlo Pazolini UK Limited**

Registered number 07263185

## **Director's report and financial statements**

**For the year ended 31 December 2013**



# **CARLO PAZOLINI UK LIMITED**

## **COMPANY INFORMATION**

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<b>Director</b>	S Domenella
<b>Company secretary</b>	Taylor Wessing Secretaries Limited
<b>Registered number</b>	07263185
<b>Registered office</b>	5 New Street Square London EC4A 3TW
<b>Independent auditor</b>	Mazars LLP Chartered Accountants Tower Bridge House St Katharine's Way London E1W 1DD

# **CARLO PAZOLINI UK LIMITED**

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# **CARLO PAZOLINI UK LIMITED**

## **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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The director presents his report and the financial statements for the year ended 31 December 2013

### **Principal activities**

The company's principal activities are the operation of footwear and accessory retail stores and licencing of trademark agreements

The company opened a third store in London during the year and continues to look for suitable retail locations for further stores

### **Director**

The director who served during the year was

S Domenella

### **Director's indemnity**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity remains in force at the date of approving the director's report.

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

The director is responsible for preparing the director's 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,
- 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.

# CARLO PAZOLINI UK LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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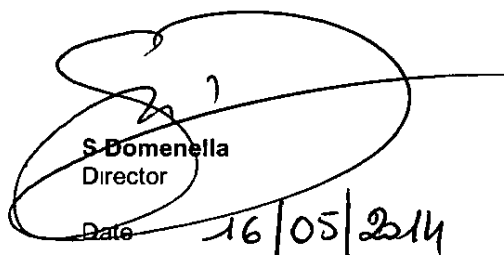
### Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board and signed on its behalf

  
S. Domenella  
Director  
Date 16/05/2014

# **CARLO PAZOLINI UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLO PAZOLINI UK LIMITED**

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We have audited the financial statements of Carlo Pazolini UK Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

As explained more fully in the director's responsibilities statement set out on page 1, 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. 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.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the 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 result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £1,601,333 during the year ended 31 December 2013 and requires further funding to maintain its operations and to finance the company's planned work programme. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## CARLO PAZOLINI UK LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLO PAZOLINI UK LIMITED

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#### 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies' regime



Richard Karmel (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

Date

19/5/14

# CARLO PAZOLINI UK LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Turnover	1,2	1,598,562	1,452,582
Cost of sales		(911,757)	(1,088,303)
<b>Gross profit</b>		<b>686,805</b>	<b>364,279</b>
Administrative expenses		(2,246,695)	(1,640,864)
Other operating income	3	-	37,910
<b>Operating loss</b>	4	<b>(1,559,890)</b>	<b>(1,238,675)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(1,559,890)</b>	<b>(1,238,675)</b>
Tax on loss on ordinary activities		-	-
<b>Loss for the financial year</b>	10	<b>(1,559,890)</b>	<b>(1,238,675)</b>

The notes on pages 7 to 12 form part of these financial statements



**CARLO PAZOLINI UK LIMITED**

Registered number 07263185

**BALANCE SHEET  
AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	5		873,475		515,002
<b>Current assets</b>					
Stocks	6	1,440,496		619,689	
Debtors amounts falling due after more than one year	7	201,195		201,195	
Debtors amounts falling due within one year	7	640,505		931,077	
Cash at bank and in hand		228,342		134,467	
		2,510,538		1,886,428	
<b>Creditors</b> amounts falling due within one year	8	(1,090,386)		(547,913)	
<b>Net current assets</b>			1,420,152		1,338,515
<b>Net assets</b>			2,293,627		1,853,517
<b>Capital and reserves</b>					
Called up share capital	9		5,400,000		3,400,000
Profit and loss account	10		(3,106,373)		(1,546,483)
<b>Shareholders' funds</b>	11		2,293,627		1,853,517

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



S Domenella  
Director

Date.

16/05/2014

The notes on pages 7 to 12 form part of these financial statements

# CARLO PAZOLINI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

#### 1.2 Going concern

The company has incurred a loss since its incorporation and is in the process of establishing its trade in the UK. The company requires additional funding over the next twelve months and Fortune Production B V, the company's immediate parent company, has given an undertaking to provide sufficient financial support to allow the company to continue operating for the foreseeable future. The availability of these funds may be dependent on the sale of assets by the parent company, and/or dividends from other of its subsidiaries being available for the purpose. These circumstances represent a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern. Nevertheless, the Director is confident of the parent company being able to generate sufficient funds from the sale of these assets within the necessary time frame. As a result, the Director considers it appropriate to prepare the financial statements on a going concern basis.

#### 1.3 Turnover

##### Retail Stores

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Revenue is recognised less returns received and the accrual for possible return of goods. The accrual amount shall be determined as the higher of the following:

- The amount of returns for two weeks following the reporting period,
- 50% of the amount of goods returns for the month following the reporting period based on the accounting data for the months following the reporting period,
- The average amount of goods returns calculated as the product of sales for the past two weeks of the reporting period and the average percentage of sales returns in relation to revenues for the reporting period received based on the accounting data for the reporting period.

##### Trademark Agreements

Turnover represents royalties receivable under trademark agreements. Turnover in respect of royalties is recognised on an accruals basis.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Store fit out	- 7 years on a straight line basis
Computer equipment	- 3 years on a straight line basis

#### 1.5 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

# CARLO PAZOLINI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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### 1 Accounting policies (continued)

#### 1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

#### 1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

### 2. Turnover

All turnover arose within the United Kingdom (2012 37.6% was attributable to geographical markets outside the United Kingdom)

Turnover includes £nil (2012 £546,400) in respect of royalty income receivable. Cost of sales includes £nil (2012 £460,706) in respect of royalties payable in relation to the territories for which royalty income is earned, and a further £128,064 (2012 £72,482) is included in cost of sales in respect of royalties payable in respect of sales made by the UK retail stores

### 3 Other operating income

	2013 £	2012 £
Foreign exchange difference - gain	-	37,910

# CARLO PAZOLINI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 4 Operating loss

The operating loss is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets - owned by the company	130,175	82,364
Auditor's remuneration	14,000	11,000
	<u>144,175</u>	<u>93,364</u>

During the year, the director did not receive any remuneration (2012 nil)

### 5 Tangible fixed assets

	Store fit out £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2013	606,397	6,983	613,380
Additions	483,643	5,005	488,648
At 31 December 2013	<u>1,090,040</u>	<u>11,988</u>	<u>1,102,028</u>
<b>Depreciation</b>			
At 1 January 2013	96,292	2,086	98,378
Charge for the year	126,873	3,302	130,175
At 31 December 2013	<u>223,165</u>	<u>5,388</u>	<u>228,553</u>
<b>Net book value</b>			
At 31 December 2013	<u>866,875</u>	<u>6,600</u>	<u>873,475</u>
At 31 December 2012	<u>510,105</u>	<u>4,897</u>	<u>515,002</u>

### 6 Stocks

	2013 £	2012 £
Finished goods and goods for resale	<u>1,440,496</u>	<u>619,689</u>

# CARLO PAZOLINI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 7 Debtors

	2013 £	2012 £
<b>Due after more than one year</b>		
Other debtors	201,195	201,195
	<u>201,195</u>	<u>201,195</u>
<b>Due within one year</b>		
Other debtors	20,563	623
Prepayments and accrued income	284,942	185,454
Called up share capital not paid	335,000	745,000
	<u>640,505</u>	<u>931,077</u>

### 8 Creditors Amounts falling due within one year

	2013 £	2012 £
Payments received on account	5,266	1,709
Trade creditors	65,333	41,294
Amounts owed to related parties	691,053	219,947
Other taxation and social security	17,125	8,930
Other creditors and accruals	311,609	276,033
	<u>1,090,386</u>	<u>547,913</u>

### 9. Share capital

	2013 £	2012 £
<b>Allotted, called up and partly paid</b>		
5,400,000 (2012 - 3,400,000) ordinary shares of £1 each	5,400,000	3,400,000
	<u>5,400,000</u>	<u>3,400,000</u>

On 13 July 2013 1,000,000 ordinary shares with nominal value of £1 were issued at par

On 6 November 2013 a further 1,000,000 ordinary shares with nominal value of £1 were issued at par  
At the year end £335,000 remains unpaid and was received in January 2014

On 25 March 2014 a further 2,000,000 ordinary shares with a nominal value of £1 were issued at par

# CARLO PAZOLINI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 10. Reserves

	Profit and loss account £
At 1 January 2013	(1,546,483)
Loss for the financial year	(1,559,890)
At 31 December 2013	<u>(3,106,373)</u>

### 11. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	1,853,517	1,192,192
Loss for the financial year	(1,559,890)	(1,238,675)
Shares issued during the year	2,000,000	1,900,000
Closing shareholders' funds	<u>2,293,627</u>	<u>1,853,517</u>

### 12. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
<b>Expiry date</b>		
Between 2 and 5 years	<u>1,165,000</u>	<u>685,000</u>

### 13. Related party transactions

At 31 December 2013 the immediate parent was Fortune Production B V , a company incorporated in the Netherlands

	2013 Purchase payable/ (receivable) £	2013 Amounts owed to related parties £	2012 Purchase payable/ (receivable) £	2012 Amounts owed to related parties £
Carlo Pazolini Group B V	-	2,841	-	2,841
Carlo Pazolini Participations S a r l	128,064	43,319	533,188	22,540
Carlo Pazolini Trade Limited	1,546,857	644,893	1,052,383	194,566
Carlo Pazolini Trading PJSC	-	-	(546,400)	-
	<u>-</u>	<u>-</u>	<u>(546,400)</u>	<u>-</u>

The balance payable to Carlo Pazolini Group B V relates to expenses paid on behalf of the company

Purchases from Carlo Pazolini Trade Limited include shoes, sandals, boots, bags and wallets

## **CARLO PAZOLINI UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **13 Related party transactions (continued)**

In addition to the above, £335,000 (2012 £745,000) is payable by Fortune Production B V to the company in respect of unpaid share capital

Carlo Pazolini Participations S a r l and Carlo Pazolini Trade Limited are related to Carlo Pazolini UK Limited by virtue of common control

#### **14. Ultimate parent undertaking and controlling party**

The ultimate controlling party is TMA Private Foundation, an entity incorporated in Curacao The immediate parent company is Fortune Production B V a company incorporated in the Netherlands

The largest and smallest group in which the results of the company are consolidated is that headed by Carlo Pazolini Holding N V , incorporated in Curacao The consolidated accounts are not available to the public