

**HERMÈS (GB) LIMITED**

**Report and Financial Statements**

**31 December 2001**

**Deloitte & Touche  
London**



**REPORT AND FINANCIAL STATEMENTS 2001**

**OFFICERS AND PROFESSIONAL ADVISERS**

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**REPORT AND FINANCIAL STATEMENTS 2001**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Jean Louis Frederic Robert Dumas (Chairman)  
Bertrand Emile Puech  
Gilles Duval  
Pierre-Alexis Dumas  
Charles-Henri Leroy (appointed 1 May 2001)

**SECRETARY**

Comat Registrars Ltd  
9 Grays Inn Square  
Grays Inn  
London  
WC1R 5JQ

**REGISTERED OFFICE**

Knowsley House  
176 Sloane Street  
London SW1X 9QG

**BANKERS**

HSBC Bank plc  
202 Sloane Street  
London  
SW1X 9RG

**SOLICITORS**

Lewis Silkin  
Windsor House  
50 Victoria Street  
London SW1H 0NW

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
London

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

## **ACTIVITIES**

The principal activities of the company continue to be retailing and wholesaling of luxury goods and accessories.

## **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

Future developments are dictated by the parent company in accordance with overall group objectives.

The directors continue to be optimistic about the company's prospects for 2002.

## **RESULTS AND DIVIDENDS**

The company made a loss after tax of £210k (2000 profit - £1k). The directors do not recommend payment of a final dividend (2000 - £nil).

## **DIRECTORS**

The present membership of the Board is set out on page 1. Except where indicated the directors served throughout the year.

None of the directors has any beneficial interests in the shares of the company or any other UK group company.


## **CHARITABLE DONATIONS**

The company has made charitable donations in the United Kingdom of £3,020 (2000 - £1,814).

## **AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Gilles Duval  
Director

30.01.2003

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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 accounting standards have been followed;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERMÈS (GB) LIMITED**

We have audited the financial statements of Hermès GB Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

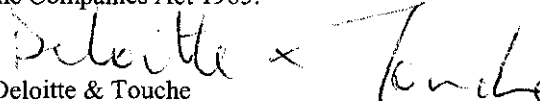
### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Deloitte & Touche

Chartered Accountants and Registered Auditors  
London

4 February 2003

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2001**

	Note	2001 £'000	2000 £'000
<b>TURNOVER</b>	1	15,208	14,847
Cost of sales		(8,397)	(8,146)
<b>GROSS PROFIT</b>		6,811	6,701
Distribution costs		(5,266)	(4,968)
Administrative expenses		(1,759)	(1,627)
<b>OPERATING (LOSS)/PROFIT</b>	3	(214)	106
Other interest receivable and similar income		52	29
Interest payable and similar charges	4	(43)	(39)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(205)	96
Tax charge on (loss)/profit on ordinary activities	5	(5)	(95)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED FOR THE FINANCIAL YEAR</b>		(210)	1
<b>Profit and loss account brought forward</b>		1,062	1,061
<b>Profit and loss account carried forward</b>		852	1,062

The above results derive from continuing operations. There has been no movement in shareholders' funds other than the retained profit in the current and the preceding financial years.

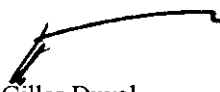
There are no recognised gains or losses other than as disclosed above, consequently no statement of total recognised gains and losses is prepared.

**BALANCE SHEET**  
**As at 31 December 2001**

	Note	2001 £'000	2000 £'000
<b>FIXED ASSETS</b>			
Tangible assets	6	2,316	1,783
<b>CURRENT ASSETS</b>			
Stocks	7	3,726	2,957
Debtors	8, 10	2,522	1,455
Cash at bank and in hand		96	2,039
		<u>6,344</u>	<u>6,452</u>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(4,511)</u>	<u>(3,876)</u>
<b>NET CURRENT ASSETS</b>		<u>1,833</u>	<u>2,576</u>
<b>NET ASSETS</b>		<u>4,149</u>	<u>4,359</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	3,265	3,265
Share premium account		32	32
Profit and loss account		852	1,062
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>4,149</u>	<u>4,359</u>

These financial statements were approved by the Board of Directors on 30.01.2003.

Signed on behalf of the Board of Directors

  
 Gilles Duval  
 Director



**NOTES TO THE ACCOUNTS****Year ended 31 December 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided to write off the cost over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-leasehold property	Over the term of the lease
Fixtures, fittings and equipment	10% - 33 1/3% per annum on a straight-line basis

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

In the prior year the deferred tax asset was included within 'provisions for other liabilities and charges'. This has been reclassified to debtors in the current year to be consistent with Financial Reporting Standard 19, however this shows an immaterial movement.

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

**Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently-administered fund. The pension cost charge represents contributions payable by the company to the fund.

**Leases**

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

**Turnover**

Turnover comprises retail and wholesale sales net of discounts given and arises wholly in the United Kingdom.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard 1 from including a cash flow statement in the financial statements. The grounds for this are that more than 90% of the voting rights are controlled within the group, and that consolidated financial statements in which this company's results are included as a subsidiary undertaking, are publicly available.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2001**

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' emoluments</b>		
Aggregate emoluments excluding pension contributions	195	120
Pension contributions	3	9
	<u>198</u>	<u>129</u>

One director is a member of the company defined contribution pension scheme (2000 – 1).

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
<b>Employee costs during the year (including directors)</b>		
Wages and salaries	2,004	1,777
Social security costs	150	155
Other pension costs	52	44
	<u>2,206</u>	<u>1,976</u>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Retail	47	50
Wholesale	4	4
Administration	11	11
	<u>62</u>	<u>65</u>

**3. OPERATING PROFIT**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is stated after charging:		
Depreciation on owned tangible fixed assets	557	584
Rentals under operating leases:		
Hire of plant and machinery	31	29
Other operating leases	1,510	1,202
Auditors' remuneration – audit fees	17	14
	<u>17</u>	<u>14</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2001**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
To group undertakings	<u>43</u>	<u>39</u>

**5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax at 30% (2000 – 30%) based on profit for the year	144	150
Deferred tax credit for the year	<u>(143)</u>	<u>(56)</u>
	1	94
Adjustment in respect of prior years	<u>4</u>	<u>1</u>
	<u>5</u>	<u>95</u>

The tax charge is higher than expected due to permanent timing differences.

**6. TANGIBLE FIXED ASSETS**

	<b>Short leasehold property £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Total £'000</b>
Cost:			
At 1 January 2001	390	4,451	4,841
Additions	-	1,088	1,088
Disposals	-	(1,008)	(1,008)
At 31 December 2001	<u>390</u>	<u>4,531</u>	<u>4,921</u>
Accumulated depreciation:			
At 1 January 2001	202	2,856	3,058
Charge for the year	35	520	555
Disposals	-	(1,008)	(1,008)
At 31 December 2001	<u>237</u>	<u>2,368</u>	<u>2,605</u>
Net book value:			
At 31 December 2001	<u>153</u>	<u>2,163</u>	<u>2,316</u>
At 31 December 2000	<u>188</u>	<u>1,595</u>	<u>1,783</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2001**

**7. STOCKS**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Finished goods for resale	3,726	2,957
	<u>3,726</u>	<u>2,957</u>

**8. DEBTORS**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	933	658
Amounts owed by fellow subsidiaries	167	165
Amounts owed by parent company	542	-
Other debtors	198	196
Deferred tax asset (see note 10)	82	3
Prepayments and accrued income	600	433
	<u>2,522</u>	<u>1,455</u>

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,194	828
Amounts owed to fellow subsidiary undertakings	2,259	2,239
Taxation and social security	557	585
Accruals and deferred income	498	224
Other creditors	3	-
	<u>4,511</u>	<u>3,876</u>

**10. DEFERRED TAX ASSET**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax:		
As at 1 January	3	(52)
Credit during the year	143	56
Adjustment in respect of prior years	64	(1)
	<u>82</u>	<u>3</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 10 DEFERRED TAX ASSET (continued)

The amount of deferred taxation provided in the accounts is as follows:

	2001 £'000	2000 £'000
Capital allowances in excess of depreciation	145	145
Other short term timing differences	(227)	(148)
	<u>(82)</u>	<u>(3)</u>

## 11. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised:		
3,500,000 ordinary shares of £1 each	<u>3,500</u>	<u>3,500</u>
Called up, allotted and fully paid:		
3,265,000 ordinary shares of £1 each	<u>3,265</u>	<u>3,265</u>

## 12. OPERATING LEASE COMMITMENTS

At 31 December 2001 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2001 £'000	Land and buildings 2000 £'000	Other 2001 £'000	Other 2000 £'000
Leases which expire:				
Within two to five years	50	150	37	22
After five years	<u>1,290</u>	<u>1,145</u>	<u>-</u>	<u>1</u>

## 13. RELATED PARTY TRANSACTIONS

During the year Hermès (GB) Limited paid Rena Dumas Architecture Intérieure £63k for its services in refurbishing the company's Bond Street Hermès store. Rena Dumas Architecture Intérieure is controlled by the mother of Piere-Alexis Dumas, a director of this company.

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with Hermès International group companies or interests of the group which are related parties, as the consolidated financial statements, in which the company is included, are publicly available.

## 14. PARENT COMPANY

The ultimate parent and controlling company is Hermès International, a company incorporated in France, and the smallest and largest group that produces consolidated accounts. Copies of the financial statements of the ultimate parent company may be obtained from the registered office of the company at 24 Rue de Faubourg, St Honoré, 75008 Paris, France.

The intermediate parent undertaking is Hermès Holding GB Limited, a company registered in England and Wales. Copies of the financial statements may be obtained from Hermès Holding GB Limited, Knowsley House, 176 Sloane Street, London, SW1X 9QG.