

Company Registration No. 773076

Hermès (GB) Limited

Report and Financial Statements

31 December 2004



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Hermès (GB) Limited

Report and financial statements 2004

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Hermès (GB) Limited

Report and financial statements 2004

Officers and professional advisers

Directors

Christian Blanckaert
Pierre-Alexis Philippe Dumas
Gilles Duval
Charles-Henri Leroy
Patrick Marie Charles Thomas

Secretary

Comat Registrars Limited
8 Gray's Inn Square
Gray's Inn
London
WC1R 5JQ

Registered office

1 Bruton Street
London W1J 6TL

Bankers

HSBC Bank plc
202 Sloane Street
London
SW1X 9RG

Solicitors

Lewis Silkin
Windsor House
50 Victoria Street
London SW1H 0NW

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Hermès (GB) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

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 2005.

Results and dividends

The company made a profit after tax of £755,000 (2003 – £855,000). The directors do not recommend payment of a final dividend (2003 – £nil).

Directors

The present membership of the Board is set out on page 1. 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.

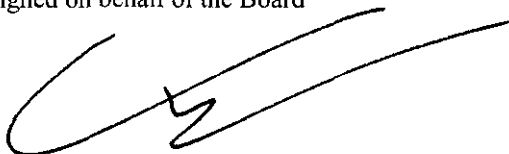
Charitable donations

The company has made charitable donations in the United Kingdom of £301 (2003 - £469).

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Charles-Henri Leroy
Director

4 November 2005

Hermès (GB) Limited

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; and
- 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 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

4th November 2005

Hermès (GB) Limited

Profit and loss account Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover	1	17,482	16,393
Cost of sales		(9,070)	(8,333)
Gross profit		8,412	8,060
Distribution costs		(5,577)	(5,089)
Administrative expenses		(1,651)	(1,695)
Operating profit	3	1,184	1,276
Interest receivable and similar income		43	20
Interest payable and similar charges	4	(44)	(15)
Profit on ordinary activities before taxation		1,183	1,281
Tax charge on profit on ordinary activities	5	(428)	(426)
Profit on ordinary activities after taxation being retained profit for the financial year		755	855
Profit and loss account brought forward		2,409	1,554
Profit and loss account carried forward		3,164	2,409

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 in either year other than the profit for that year. Accordingly no separate Statement of Total Recognised Gains and Losses has been presented.

Hermès (GB) Limited

Balance sheet 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	6	4,404	1,910
Current assets			
Stocks	7	5,157	4,248
Debtors	8	2,151	3,132
Cash at bank and in hand		161	288
		7,469	7,668
Creditors: amounts falling due within one year	9	(5,338)	(3,872)
Net current assets		2,131	3,796
Total assets less current liabilities being net assets		6,535	5,706
Provisions for liabilities and charges	10	(74)	-
Net Assets		6,461	5,706
Capital and reserves			
Called up share capital	11	3,265	3,265
Share premium account		32	32
Profit and loss account		3,164	2,409
Equity shareholders' funds	14	6,461	5,706

These financial statements were approved by the Board of Directors on 4 November 2005.

Signed on behalf of the Board of Directors



Charles-Henri Leroy
Director

Hermès (GB) Limited

Notes to the accounts

Year ended 31 December 2004

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied on a consistent basis with the prior year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

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.

Taxation

Current 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 that 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 binding contract to dispose of those assets. 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 exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction. 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. It arises and originates wholly within the United Kingdom.

Hermès (GB) Limited

Notes to the accounts Year ended 31 December 2004

4. Interest payable and similar charges

	2004 £'000	2003 £'000
Bank interest	1	-
Interest on overdue tax	2	-
To group undertakings	41	15
	<u>44</u>	<u>15</u>

5. Tax charge on profit on ordinary activities

The tax charge comprises:	2004 £'000	2003 £'000
Current tax		
UK corporation tax at 30% (2003 – 30%)	125	459
Adjustment in respect of prior years	14	(1)
	<u>139</u>	<u>458</u>
Group relief	126	-
Adjustment in respect of prior years	-	(1)
	<u>265</u>	<u>457</u>
Total current tax	265	457
Deferred tax		
Origination and reversal of timing differences	159	(30)
Adjustment in respect of prior years	4	(1)
	<u>163</u>	<u>(31)</u>
Total deferred tax (see note 10)	163	(31)
	<u>428</u>	<u>426</u>
Total tax on profit on ordinary activities	428	426

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	£'000	£'000
Profit on ordinary activities before tax	<u>1,183</u>	<u>1,281</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003 – 30%)	355	384
Effects of:		
Expenses not deductible for tax purposes	56	45
Capital allowances in excess of depreciation	(124)	17
Movement in short term timing differences	(15)	13
Other deferred tax movements	(21)	-
Adjustments to tax charge in respect of previous periods	14	(2)
	<u>265</u>	<u>457</u>
Current tax charge for year	265	457

Hermès (GB) Limited

Notes to the accounts Year ended 31 December 2004

6. Tangible fixed assets

	Short leasehold property £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2004	390	4,820	5,210
Additions	149	2,811	2,960
Disposals	-	(1,163)	(1,163)
At 31 December 2004	539	6,468	7,007
Accumulated depreciation			
At 1 January 2004	299	3,001	3,300
Charge for the year	18	448	466
	-	(1,163)	(1,163)
At 31 December 2004	317	2,286	2,603
Net book value			
At 31 December 2004	222	4,182	4,404
At 31 December 2003	91	1,819	1,910

7. Stocks

	2004 £'000	2003 £'000
Finished goods for resale	5,157	4,248

8. Debtors

	2004 £'000	2003 £'000
Trade debtors	1,323	742
Amounts owed by fellow subsidiary undertakings	134	135
Amounts owed by parent company	-	1,453
Deferred tax asset (see note 10)	-	89
Other debtors	45	37
Prepayments and accrued income	649	676
	2,151	3,132

Hermès (GB) Limited

Notes to the accounts Year ended 31 December 2004

9. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	548	252
Amounts owed to fellow subsidiary undertakings	2,909	2,206
Amounts owed to parent company	229	-
Taxation and social security	850	683
Other creditors	1	41
Accruals and deferred income	801	690
	<u>5,338</u>	<u>3,872</u>

10. Provision for liabilities and charges

	2004 £'000	2003 £'000
Deferred tax:		
As at 1 January	(89)	(58)
Charge/(credit) to the profit and loss account	163	(31)
	<u>74</u>	<u>(89)</u>

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

	2004 £'000	2003 £'000
Capital allowances in excess of depreciation	260	131
Other short term timing differences	(186)	(220)
	<u>74</u>	<u>(89)</u>

11. Called up share capital

	2004 £'000	2003 £'000
Authorised:		
3,500,000 ordinary shares of £1 each	3,500	3,500
Called up, allotted and fully paid:		
3,265,000 ordinary shares of £1 each	3,265	3,265

Hermès (GB) Limited

Notes to the accounts Year ended 31 December 2004

12. Operating lease commitments

At 31 December 2004 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Leases which expire:				
Within one year		-	22	21
Within two to five years		-	10	-
After five years	1,711	1,468	-	-

The company is committed to minimum rent guarantees of £471,500 during the next year (2003 - £421,500).

13. Related party transactions

During the year Hermès (GB) Limited paid Rena Dumas Architecture Intérieure £229,623 for its services. Rena Dumas Architecture Intérieure is controlled by the mother of Pierre-Alexis Philippe 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. Reconciliation of movements in shareholders' funds

	2004	2003
	£'000	£'000
Opening equity shareholders' funds	5,706	4,851
Profit for the financial year	742	855
Closing equity shareholders' funds	6,448	5,706

15. 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 incorporated in Great Britain. Copies of the financial statements may be obtained from Hermès Holding GB Limited, 1 Bruton Street, London W1J 6TL.