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Christian Dior UK Limited

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

Directors

S Brunschwig
F Yon

Secretary

Castlegate Secretaries Limited

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Barclays Bank Plc
1 Churchill Place
London E14 5HP

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Solicitors

Browne Jacobson LLP
C N A House
77 Gracechurch Street
London EC3V 0AS

Registered Office

49a Pavilion Road
London SW1X 0HD

Directors' report

The directors present their report and financial statements for the year ended 31 December 2009

Results and dividends

The profit for the year after taxation amounted to £3,203,000 (2008 – profit of £2,308,000) The directors do not recommend the payment of any dividends

Principal activities and review of the business

The principal activities of the company continued to be that of retailing fashion ready to wear, leather goods, shoes and related accessories under the 'Christian Dior' label

The directors expect the general level of activity to remain similar to that of the previous year

The company's key financial performance indicators during the year were as follows

	2009 £000	2008 £000	Change %
Turnover	51,635	43,720	+18%
Profit before taxation	4,729	3,388	+40%
Profit for the financial year	3,203	2,308	+39%
Gross profit %	49%	46%	+3%
Operating profit %	9%	9%	-
Average monthly number of employees	135	129	+5%

Principal risks and uncertainties

The key commercial risks relate to the continued strength of other brands' positioning in the marketplace

The condition or strength of the retail market also represents a key risk, with interest rates and other economic and fiscal drivers influencing consumer spending

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth in recent years They consider that 2010 will show a further growth in sales from both continuing operations and expansion opportunities

Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with

At 31 December 2009, the company had an average of 24 days outstanding in trade creditors

Directors' report

Directors

The current directors are shown on page 1

Pierre Robert Eric Denis resigned as Director on 12/10/2009

Serge Brunschwig was appointed as Director on 1/01/2009

Francoise Yon was appointed as Director on 7/12/2009

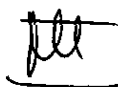
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



[Signature]

Name of Director

Francoise Yon

Date

17/07/2010

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 these 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.

The directors are responsible for keeping proper 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.

Independent auditors' report

to the members of Christian Dior UK Limited

We have audited the financial statements of Christian Dior UK Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 16. 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 the 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 2009 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 matter 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.

Independent auditors' report

to the members of Christian Dior UK Limited

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

Ernst & Young LLP

Gordon Cullen (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

Date *6/8/10*

Profit and loss account

for the year ended 31 December 2009

	<i>Notes</i>	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Turnover	2	51,635	43,720
Cost of sales		(26,101)	(23,486)
Gross Profit		25,534	20,234
Selling and distribution costs		(19,947)	(15,361)
Administrative expenses		(713)	(728)
Operating Profit	3	4,874	4,145
Bank interest receivable	5	9	32
Interest payable	6	(154)	(789)
Profit on ordinary activities before taxation		4,729	3,388
Tax on profit on ordinary activities	7	(1,526)	(1,080)
Profit retained for the financial year	14	3,203	2,308

Statement of total recognised gains and losses

for the year ended 31 December 2009

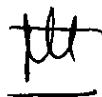
There are no recognised gains or losses other than the profit of £3,203,000 attributable to the shareholders for the year ended 31 December 2009 (2008 – profit of £2,308,000)

Balance sheet

at 31 December 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	8	2,944	3,298
Current assets			
Stocks	9	10,123	10,528
Debtors	10	4,837	5,564
Cash at bank		1,316	1,130
		16,276	17,222
Creditors amounts falling due within one year	11	(11,481)	(15,984)
Net current asset		4,795	1,238
Total assets less current liabilities		7,739	4,536
Capital and reserves			
Called up share capital	13	9,327	9,327
Profit and loss account	14	(1,588)	(4,791)
Equity shareholders' funds	14	7,739	4,536

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



[Signature]

Francis de Jm

Name of Director

Date 17/07/10

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basis of preparation

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

Going concern

The financial statements have been prepared on a going concern basis because the company's parent undertaking has agreed to provide funding as necessary so that the company is able to meet its liabilities as and when they fall due

Statement of cash flows

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

Fixed assets

All fixed assets are initially recorded at cost. Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows

Leasehold improvements	—	8 – 20 years
Fixtures, fittings and equipment	—	3 – 10 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

Operating lease agreements

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

Pensions

The company does not operate a pension scheme, but makes payments directly to employees' personal pension plans. Contributions are charged to the profit and loss account as they become payable

2. Turnover

Turnover, which is stated net of value added tax, represents the amounts derived from sales invoiced to customers during the year which fall within the company's continuing ordinary activities

An analysis of turnover by geographical market is given below

	2009 £000	2008 £000
United Kingdom	49,221	41,987
Other countries	2,414	1,733
	<u>51,635</u>	<u>43,720</u>

3. Operating Profit

This is stated after charging/(crediting)

	2009 £000	2008 £000
Auditors' remuneration – audit services	16	18
– tax services	–	19
Depreciation of owned fixed assets	1,389	1,263
Operating lease rentals – land and buildings	1,146	979
Foreign exchange gain	(57)	(3)
	<u></u>	<u></u>

Notes to the financial statements

at 31 December 2009

4. Staff costs

	2009	2008
	£000	£000
Wages and salaries	4,327	3,363
Social security costs	598	404
Other pension costs	29	26
	<u>4,954</u>	<u>3,793</u>

None of the directors received any remuneration for services to the company in either 2009 or 2008

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

	2009	2008
	No	No
Administration and management	16	13
Sales	119	116
	<u>135</u>	<u>129</u>

5. Interest receivable

	2009	2008
	£000	£000
Bank interest receivable	9	32

6. Interest payable

	2009	2008
	£000	£000
Bank interest payable	128	590
Interest payable to fellow group companies	22	71
Other interest payable	4	128
	<u>154</u>	<u>789</u>

Notes to the financial statements

at 31 December 2009

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2009 £000	2008 £000
<i>Current tax</i>		
UK corporation tax	1,583	1,126
Adjustments in respect of previous periods	16	(78)
Double Taxation relief	-	(11)
Total current tax	1,599	1,037
<i>Foreign tax</i>		
Current year	-	11
Adjustments in respect of previous periods	-	21
Total current tax (note 7(b))	1,599	1,069
<i>Deferred tax</i>		
Origination and reversal of timing differences	(73)	11
Total tax	1,526	1,080

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28% (2008 – 28.5 %). The differences are reconciled below

	2009 £000	2008 £000
Profit on ordinary activities before taxation	4,729	3,388
Profit on ordinary activities by rate of tax 28% (2008 – 28.5%)	1,324	965
Expenses not deductible for tax purposes	182	86
Decelerated capital allowances	74	75
Understatement of prior years provisions	3	(57)
Adjustment in respect of previous periods	16	-
Total current tax (note 7(a))	1,599	1,069

Notes to the financial statements

at 31 December 2009

7. Tax (continued)

(c) Deferred tax

	2009 £000	2008 £000
Capital allowances in advance of depreciation	42	(28)
Other timing differences	3	-
Provision for deferred taxation	45	(28)

(d) Movement in Deferred Tax disclosure

	£000
At 1 January 2009	(28)
Amount credited to Profit and Loss Account	73
At 31 December 2009	45

8. Tangible fixed assets

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 31 December 2008	5,578	6,445	12,023
Additions	35	1,001	1,036
Disposals	-	(111)	(111)
At 31 December 2009	5,613	7,335	12,948
Depreciation			
At 31 December 2008	3,389	5,336	8,725
Provided during the year	606	783	1,389
Disposals	-	(110)	(110)
At 31 December 2009	3,995	6,009	10,004
Net book value			
At 31 December 2009	1,618	1,326	2,944
At 31 December 2008	2,189	1,109	3,298

Notes to the financial statements

at 31 December 2009

9. Stocks

	2009	2008
	£000	£000
Finished goods and goods for resale	10,123	10,528

10. Debtors

	2009	2008
	£000	£000
Trade debtors	3,715	4,168
Amounts owed by group undertakings	711	1,093
Prepayments and accrued income	366	303
Deferred tax	45	-
	4,837	5,564

11. Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Bank loan and overdraft	4,811	9,784
Trade creditors	540	188
Amounts owed to group undertakings	3,037	4,277
Corporation tax	756	95
Deferred tax	-	28
Other taxation and social security	747	486
Other creditors	209	382
Accruals and deferred income	1,381	744
	11,481	15,984

The bank overdraft facility with Société Générale is guaranteed by the company's immediate parent undertaking

12. Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Land and buildings</i>	
	2009	2008
	£000	£000
Operating leases which expire		
In over five years	844	806

Notes to the financial statements

at 31 December 2009

13. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>2009</i> <i>£000</i>	<i>No</i>	<i>2008</i> <i>£000</i>
Ordinary shares of £1 each	9,327,000	9,327	9,327,000	9,327

14. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 January 2008	9,327	(7,099)	2,228
Profit for the year	–	2,308	2,308
At 31 December 2008	9,327	(4,791)	4,536
Profit for the year	–	3,203	3,203
At 31 December 2009	9,327	(1,588)	7,739

15. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with entities that are part of the Christian Dior Couture SA group by virtue of its status as a 100% owned subsidiary of a parent whose financial statements are consolidated and made publicly available

The company was charged management fees of £330,000 (2008 – £300,000) by Louis Vuitton (UK) Limited, an associated undertaking, and owed that company £0 (2008 – £10,000) at the year end

16. Ultimate parent undertaking and controlling party

The ultimate parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member, and the company's controlling party, is Christian Dior SA, incorporated in France, and the parent undertaking of the smallest such group is Christian Dior Couture SA, incorporated in France. The financial statements of both these groups are available to the public and may be obtained from 30 Avenue Montaigne, 75008 Paris, France