

**Porsche Design**

**Great Britain Limited**

Report and Financial Statements

For the Year Ended 31 December 2018

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COMPANIES HOUSE

Porsche Design Great Britain Limited  
Registered No: 05309560

**DIRECTORS**

Mr. V. Strotmeier  
Ms. D. Braun  
Mr. C. Wichenbrauk

**COMPANY SECRETARY**

Mr. B. McLoney

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH

**BANKERS**

Barclays Business Bank  
4<sup>th</sup> Floor  
Apex Plaza  
Forbury Road  
Reading  
RG1 1AK

**REGISTERED OFFICE**

Bath Road  
Calcot  
Reading  
Berkshire  
RG31 7SE

**REGISTERED NUMBER**

05309560

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2018.

## BUSINESS REVIEW

The loss for the financial year amounted to £895,765 (2017: loss of £325,265).

The activities of the company remain unchanged and the company continues to retail high quality luxury accessories including phones, clothes and luggage, branded under the name Porsche Design in the United Kingdom.

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

	Year ended 31 December 2018	Year ended 31 December 2017
Turnover	£3,904,914	£3,494,927
Gross Margin %	38.5%	51.2%
Administrative Expenses	£2,350,687	£2,087,737
Loss before taxation	£863,512	£337,682
Average monthly number of employees	17	15

Year on year the combined turnover of the operations in Brompton Road and the Harrods concession has increased by 11.7%. The growth in turnover has largely come from the successful launch in quarter 4 of a Porsche Design branded smart phone, however the business has also seen retail sales growth in mens performance wear, sunglasses and electronic goods. The Porsche Design brand will look to further establish its position in the luxury retail goods sector in 2019, it is anticipated this will be achieved through the launch of further new products and by working closely with Porsche Cars Great Britain Ltd and Porsche Retail Group Ltd to provide further brand exposure in the marketplace in a metropolitan area.

## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company can be categorised into Liquidity Risk and Operational and Economic Risk.

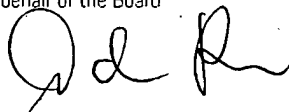
### Liquidity risk

This represents the risk of the company encountering difficulty in meeting its financial obligations. We believe this is minimal due to careful working capital and cash management. In addition Porsche Design Great Britain Limited is able to rely on the continued support of its parent company.

### Operational and economic risk

The company is fully aware of how changes in the UK economy can affect both operational and financial performance. This risk is mitigated by innovative products, careful stock planning and a close working relationship between the entity and the parent company Porsche Lizenz- und Handelsgesellschaft GmbH & Co. KG.

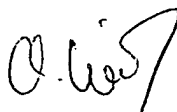
On behalf of the Board



Director

Ms. D. Braun

Date: 19<sup>th</sup> December 2019



Director

Mr. C. Wiehenbrauk

Date: 19<sup>th</sup> December 2019

**Porsche Design Great Britain Limited**  
**Registered No: 05309560**

**DIRECTORS' REPORT**

The directors' present their report on the company and the audited financial statements for the year ended 31 December 2018.

**DIRECTORS**

The directors who served the company during the year and to the approval date of the financial statements were as follows:

Ms. M. Stottele – resigned 30<sup>th</sup> September 2019  
Mr. V. Strotmeier – appointed 29<sup>th</sup> September 2019  
Ms. D. Braun  
Mr. C. Wiehenbrauk

**RESULTS AND DIVIDENDS**

The results for the year ended 31 December 2018 were a loss after taxation for the financial year of £895,765 (2017: loss of £325,265).

The directors do not recommend the payment of a dividend (2017: £nil).

**FUTURE DEVELOPMENTS**

The directors of Porsche Design Great Britain Limited anticipate that the brand will continue to develop and further improve its position within the luxury goods market. The Brompton Road store is now well known in the area and together with Porsche Cars Great Britain Ltd and Porsche Retail Group Ltd there is the intention to work closely together in 2019 to showcase Porsche Driver's Selection products and Porsche Design goods. It is hoped that this will be received positively and ultimately result in greater customer awareness, and ultimately lead to further sales increases over time from both the Harrods concession and Brompton Road store. The directors continue to monitor the UK market for further opportunities that will enhance the business performance.

**GOING CONCERN**

The company's principal business activity, together with the principal risks and uncertainties likely to affect its future development are described on page 2 of these financial statements.

The company is continuing to establish itself in the UK as a retailer of luxury goods and will expand further as new products are brought into the market place. The customer base continues to grow and the directors consider that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition a letter of ongoing support has been provided from Porsche Lizenz-und Handelsgesellschaft GmbH & Co. KG. Accordingly, we continue to adopt the going concern basis in preparing the financial statements.

**DIRECTORS' LIABILITIES**

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 provision remained in force throughout the course of the financial year under review and remains in force as at the date of approving the directors' report.

**POLITICAL DONATIONS AND EXPENDITURE**

No political or charitable donations were made during the current or previous year.

Porsche Design Great Britain Limited  
Registered No: 05309560

**DIRECTORS' REPORT (continued)**

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

In accordance with s487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to be re-appointed as auditors, unless the members resolve not to re-appoint in accordance with s488 of the Companies Act 2006.

PricewaterhouseCoopers LLP will then be replaced by Ernst and Young LLP as company auditors for the accounting period commencing 1<sup>st</sup> January 2020.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

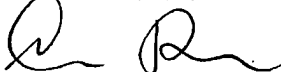
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

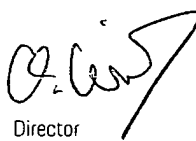
On behalf of the Board



Director

Ms. D. Braun

Date: 19<sup>th</sup> December 2019



Director

Mr. C. Wiehenbrauk

Date: 19<sup>th</sup> December 2019

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PORSCHE DESIGN GREAT BRITAIN LIMITED**

**Report on the audit of the financial statements**

**Opinion**

In our opinion, Porsche Design Great Britain Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

**Porsche Design Great Britain Limited**  
**Registered No: 05309560**

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Porsche Design Great Britain Limited**  
**Registered No: 05309560**

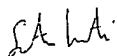
**Other required reporting**

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sotiris Kroustis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
Date : 19<sup>th</sup> December 2019



Porsche Design Great Britain Limited  
Registered No: 05309560

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2018

	Note	2018 £	2017 £
<b>TURNOVER</b>	5	3,904,914	3,494,927
Cost of sales		(2,400,679)	(1,706,009)
<b>GROSS PROFIT</b>		<u>1,504,235</u>	<u>1,788,918</u>
Administrative expenses		(2,350,687)	(2,087,737)
<b>OPERATING LOSS</b>	6	<u>(846,452)</u>	<u>(298,819)</u>
Interest payable and similar expenses	9	(17,060)	(39,863)
<b>LOSS BEFORE TAXATION</b>		<u>(863,512)</u>	<u>(337,682)</u>
Tax on loss	10	(32,253)	12,417
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(895,765)</u>	<u>(325,265)</u>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR</b>		<u><u>(895,765)</u></u>	<u><u>(325,265)</u></u>

There is no material difference between the loss before taxation and the loss for the financial year stated above and their historical costs equivalents.

All transactions relate to continuing operations.

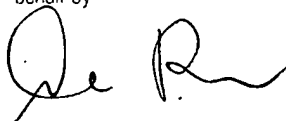
Porsche Design Great Britain Limited  
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**BALANCE SHEET**  
as at 31 December 2018

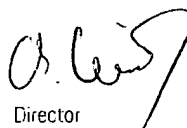
	Note	2018	2017
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	11	-	376,919
<b>CURRENT ASSETS</b>			
Stocks	12	818,454	568,371
Debtors	13	390,940	530,082
Cash at bank and in hand		737,718	661,964
		<u>1,947,122</u>	<u>1,760,417</u>
<b>CREDITORS: amounts falling due within one year</b>	14	(2,388,215)	(1,682,664)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(441,093)</u>	<u>77,753</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(441,093)</u>	<u>454,672</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(441,093)</u>	<u>454,672</u>
<b>CAPITAL AND RESERVES</b>			
Called Up share capital	15	1	1
Share premium account		999	999
Revenue reserve		1,396,900	1,396,900
Accumulated losses		<u>(1,838,993)</u>	<u>(943,228)</u>
<b>TOTAL EQUITY</b>		<u>(441,093)</u>	<u>454,672</u>

The notes on pages 11 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved by the Board of Directors on 19<sup>th</sup> December 2019 and signed on its behalf by



Director  
Ms. D. Braun  
Date: 19<sup>th</sup> December 2019



Director  
Mr. C. Wiehenbrauk  
Date: 19<sup>th</sup> December 2019

Porsche Design Great Britain Limited  
Registered No: 05309560

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2018

	Called Up Share Capital	Share Premium Account	Revenue Reserve	Accumulated Losses	Total Equity
	£	£	£	£	£
<b>At 1 January 2017</b>	1	999	1,396,900	(617,963)	779,937
Loss for the financial year and total comprehensive expense	-	-	-	(325,265)	(325,265)
<b>At 31 December 2017</b>	1	999	1,396,900	(943,228)	454,672
Loss for the financial year and total comprehensive expense	-	-	-	(895,765)	(895,765)
<b>At 31 December 2018</b>	1	999	1,396,900	(1,838,993)	(441,093)

Porsche Design Great Britain Limited  
Registered No: 05309560

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2018**

**1. GENERAL INFORMATION**

Porsche Design Great Britain Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Bath Road, Calcot, Reading, Berkshire, RG31 7SE.

The company's principal activity is the sale of high quality luxury accessories including phones, clothes and luggage, branded under the name Porsche Design.

**2. STATEMENT OF COMPLIANCE**

The financial statements of Porsche Design Great Britain Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

*Basis of preparation*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition a letter of ongoing support has been provided from Porsche Lizenz-und Handelsgesellschaft GmbH & Co. KG, and accordingly continue to adopt the going concern basis in preparing the financial statements.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

*Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions not to disclose:

- (a) FRS 102 section 7 para 3.17(d) "Statement of cash flows" from not presenting a cash flow statement.
- (b) FRS 102 para 4.12(a) from not preparing a reconciliation of the number of shares outstanding at the beginning and end of the period.
- (c) FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29 from not disclosing certain financial instrument disclosures unless required by the Companies Act 2006.
- (d) FRS 102 para 33.7 the non-disclosure of key management personnel compensation in total.
- (e) FRS 102 para 33.1A the non-disclosure of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

*Foreign currency*

*(i) Functional and presentational currency*

The company's functional and presentational currency is the pound sterling

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All exchange differences arising are included in the profit and loss account for the year.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**3. ACCOUNTING POLICIES (continued)**

*Turnover*

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts, customer bonuses and rebates and value added taxes.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and turnover can be reliably measured. Turnover from the sale of products is not recognised until the point in time when the significant opportunities and risks associated with ownership of the goods and products being sold are transferred to the buyer.

*Employee benefits*

The company provides short term benefits to employees which are recognised as an expense in the period in which the employee service is received.

*Taxation*

Taxation expense for the year comprises current and deferred tax recognised in the financial year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

*(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year-end.

*(ii) Deferred tax*

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 exception that deferred tax assets are recognised 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 years in which timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date.

*Tangible assets*

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, on a straight line basis, as follows:

Leasehold improvements	over 15 years
Fixtures & fittings	over 5 years
Office equipment	over 3 - 5 years
Computer equipment	over 3 years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

*Leased assets*

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**3. ACCOUNTING POLICIES (continued)**

*(i) Finance leased assets*

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the lower of the fair value of the leased asset or the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

*(ii) Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

*(iii) Lease incentives*

Incentives received to enter into an operating lease are credited to the profit and loss account on a straight line basis over the period. The company has taken advantage of the exemption in respect of lease incentives on leases in existence at the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

*Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to complete and sell.

*Financial instruments*

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

*(i) Financial assets*

Basic financial assets, including other receivables, cash and bank balances and amounts owed by other group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost, using the effective interest rate method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment and any impairment loss is recognised in the profit and loss account.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire are settled or substantially all the risks and rewards are transferred to another party.

*(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables and amounts owed by other group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future payments discounted at a market rate of interest. Such liabilities are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

*Related parties*

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*Net Realisable Value (NRV) provision*

A provision is made for the impairment of stock as considered necessary. The provision is calculated against available market prices, the age of the stock and the season (note 12).

**5. TURNOVER**

Turnover is attributable to one continuing activity and originates solely from sales in the United Kingdom.

Turnover by destination is analysed as follows:

	2018 £	2017 £
United Kingdom	3,806,266	3,325,481
Europe	98,648	169,446
	<u>3,904,914</u>	<u>3,494,927</u>

**6. OPERATING LOSS**

	2018 £	2017 £
This is stated after charging		
Auditors' remuneration - Audit	23,000	22,200
Operating lease rentals – Land and buildings	533,298	523,844
Depreciation and impairments (note 11)	<u>391,053</u>	<u>201,058</u>

**7. DIRECTORS' EMOLUMENTS**

All directors' emoluments have been borne by the parent company Porsche Lizenz-und Handelsgesellschaft GmbH & Co. KG as directors of this company are also directors of the parent company. These directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2018, or for the year ended 31 December 2017.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**8. STAFF COSTS**

	2018 £	2017 £
Wages and salaries	389,021	387,768
Social security costs	36,199	32,828
	<u>425,220</u>	<u>420,596</u>

The average monthly number of persons employed by the Company during the year was:

	2018 No.	2017 No.
Sales & administration	17	15
	<u>17</u>	<u>15</u>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018 £	2017 £
Interest payable	17,060	38,863
	<u>17,060</u>	<u>38,863</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**10. TAX ON LOSS**

**(a) Tax on the loss**

	2018 £	2017 £
Current tax:		
Adjustment in respect of previous years	-	-
Total current tax	-	-
Deferred tax:		
Current year	-	14,947
Origination and reversal of timing differences	-	(1,744)
Adjustment in respect of previous periods	32,253	(786)
Tax on loss	(32,253)	12,417

**(b) Reconciliation of tax expense/(credit)**

The tax assessed for the year is higher (2017: lower) than that resulting from applying the weighted average tax rate applicable to profits of the Company as explained below:

	2018 £	2017 £
Loss before taxation	(863,512)	(337,682)
Loss before taxation multiplied by rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(164,067)	(64,992)
Expenses not deductible for tax purposes	28,555	30,396
Tax losses not recognised	135,512	19,648
Adjustment in respect of previous years	32,253	786
Changes in deferred tax rate	-	1,745
Total tax charge/(credit)	32,253	(12,417)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**10. TAX ON LOSS (continued)**

(c) Deferred tax

The deferred tax asset recognised in the balance sheet is as follows:

	2018	2017
	£	£
Accelerated capital allowances	-	31,573
Other timing differences	-	680
	<u>-</u>	<u>32,253</u>
	£	£
At 1 January	32,253	19,835
Prior year movement	(32,253)	(786)
Deferred tax charge in profit and loss account	-	14,948
Impact of Corporation Tax rate change (19%-17%)	-	(1,745)
At 31 December	<u>-</u>	<u>32,253</u>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**11. TANGIBLE ASSETS**

	Leasehold Improvements £	Fixtures & Fittings £	Computer Equipment £	Office Equipment £	Total £
<b>Cost</b>					
At 1 January 2018	62,238	1,157,507	15,821	7,626	1,243,192
Additions		14,134	-	-	14,134
At 31 December 2018	62,238	1,171,641	15,821	7,626	1,257,326
<b>Accumulated depreciation</b>					
At 1 January 2018	(16,596)	(826,455)	(15,821)	(7,401)	(866,273)
Depreciation charge for year	(4,149)	(203,695)	-	(225)	(208,069)
Impairment charge for year	(41,493)	(141,491)	-	-	(182,984)
At 31 December 2018	(62,238)	(1,171,641)	(15,821)	(7,626)	(1,257,326)
<b>Net book amount</b>					
At 31 December 2018	-	-	-	-	-
At 31 December 2017	45,642	331,052	-	225	376,919

During the year, the Directors performed an impairment assessment, and concluded due to the current financial performance that the value of all tangible assets should be written off in full.

**12. STOCKS**

	2018 £	2017 £
Fashion and accessories	818,464	568,371

There is no significant difference between the replacement cost of goods and their carrying amounts. Stocks are stated after provisions for impairment of £80,704 (2017: £54,765).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**13. DEBTORS**

	2018	2017
	£	£
Amounts owed by group undertakings	-	34,350
Other debtors	722	842
Deferred tax (note 10c)	-	32,253
Prepayments and accrued income	390,218	462,637
	<u>390,940</u>	<u>530,082</u>

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**14. CREDITORS: amounts falling due within one year**

	2018	2017
	£	£
Trade creditors	8,423	3,154
Amounts owed to group undertakings	2,154,565	1,486,204
Other creditors	70,199	13,540
Accruals and deferred income	155,028	179,766
	<u>2,388,215</u>	<u>1,682,664</u>

The amounts owed to group undertakings are unsecured and repayable on demand.

**15. CALLED UP SHARE CAPITAL**

	Authorised 31 December 2018 & 31 December 2017	Allotted, called up and fully paid 31 December 2018 & 31 December 2017
	No.	No.
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2018**

**16. OTHER FINANCIAL COMMITMENTS**

*Lease commitments*

At 31 December, the company had annual commitments under non-cancellable operating leases in respect of land and buildings as set out below:

	Land and buildings 2018 €	Land and buildings 2017 €
<i>Payments due:</i>		
Not later than one year	570,000	570,000
Later than one year and not later than 5 years	2,280,000	2,280,000
Later than 5 years	2,850,000	3,420,000
	<hr/> 5,700,000 <hr/>	<hr/> 6,270,000 <hr/>

**17. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary undertaking, the company has taken advantage of the exemption in paragraph 33.1A of FRS 102 from disclosing transactions with other group companies that are wholly owned within the group.

**18. ULTIMATE PARENT COMPANY**

The immediate parent company is Porsche Lizenz- und Handelsgesellschaft GmbH & Co. KG.

The ultimate parent undertaking and controlling party of both the smallest and largest group, of which the company is a member and for which group financial statements are prepared, is Porsche Automobile Holding SE, a company incorporated in Germany. Copies of this company's financial statements can be obtained from Porsche Automobile Holding SE, Porscheplatz 1, Stuttgart, 70435 Germany.