OS309S60

Porsche Design
Great Britain Limited

Report and Financial Statements

For the year ended 31 December 2012

DIRECTORS
Mr. F Angelkoetter
Dr J Gessler
Mr R. Heiler

COMPANY SECRETARY
Mr B Moloney

AUDITORS
Ernst & Young LLP
Apex Plaza
Reading
RG1 1YE

BANKERS
Barclays Business Bank
4th Floor
Apex Plaza
Forbury Road
Reading
RG1 1AK

REGISTERED OFFICE
Bath Road
Calcot
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RG31 7SE

REGISTERED NUMBER
05309560

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2012

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2012 were a profit of £1,931,710 (For the year ended 31 December 2011 loss of £614,338)

The directors do not recommend the payment of a dividend

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company was incorporated on the 9th December 2004

The company commenced trading in New Bond Street, London on the 12th August 2005 and in August 2011 opened a concession within the Harrods department store in London On 31st May 2012 the company sold the lease of the premises in New Bond Street, London and operated from the concession within Harrods only The company retails high quality luxury men's accessories including phones, clothes and luggage, branded under the name Porsche Design

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

	Year ended 31 December 2012	Year ended 31 December 2011
Turnover	£6,315,924	£ 1,488,718
Gross Margin %	49 0%	51 3%
Administration Expenses	£1,803,675	£ 1,077,732
Average No. of employees	8	8

FUTURE DEVELOPMENTS

The directors of the company monitor future developments to ensure continuous growth and be in a position to capitalise on new products.

POST BALANCE SHEET EVENTS

On the 16th April 2013, the company entered into a leasehold agreement for a store at 59 Brompton Road, London SW3 This store is expected to open in December 2013.

GOING CONCERN

The directors have assessed the companies going concern status using all available information and considering at least 12 months from the signing of these financial statements. The company will continue to receive financial support from its immediate parent company, Porsche Lizenz-und Handelsgesellschaft mbH & Co. KG. Therefore the directors believe it is appropriate to prepare the financial statements on a going concern basis

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

Mr F Angelkoetter
Dr J Gessler
R. Heiler

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 remains in force as at the date of approving the directors' report

DISCLOSURE OF INFORMATION TO 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 auditors, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

RE-APPOINTMENT OF AUDITORS
In accordance with s487(2) of the Companies Act 2006, Ernst & Young 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

On behalf of the Board

Director

Mr F Angelkoetter

Date Dec 10th 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 accounting 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, 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 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 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 AUDITOR'S REPORT TO THE MEMBERS OF PORSCHE DESIGN GREAT BRITAIN LIMITED

We have audited the company's financial statements of Porsche Design Great Britain Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17 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 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 In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 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 AUDITOR'S REPORT TO THE MEMBERS OF PORSCHE DESIGN GREAT BRITAIN LIMITED (continued)

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
Kevin Harkin (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

13 Dec 2013

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Note	2012 £	2011 £
TURNOVER	2	6,315,924	1,488,718
Cost of sales		(3,219,637)	(725,237)
GROSS PROFIT		3,096,287	763,481
Administration expenses		(1,803,675)	(1,077,732)
Other Income		837,297	-
OPERATING PROFT/ (LOSS)	3	2,129,909	(314,251)
Interest payable	6	(27,108)	(13,829)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,102,801	(328,08
Taxation	7	(171,091)	(286,258)
PROFIT/ (LOSS) FOR FINANCIAL YEAR	13	1,931,710	(614,338)

All transactions relate to continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2012

There are no recognised gains or losses other than the profit of £1,931,710 attributable to the shareholders for the year ended 31 December 2012 (Loss for year ended 31 December 2011 £614,338)

BALANCE SHEET
At 31 December 2012

	Note	31 December 2012 £	31 December 2011 £
FIXED ASSETS			
Tangible fixed assets	8	347,647	109,472
CURRENT ASSETS			
Stock	9	534,600	345,378
Debtors	10	937,143	890,885
Cash in hand		265,218	104,908
		1,736,961	1,341,171
CREDITORS: amounts falling due within one year	11	(486,467)	(1,784,212)
NET CURRENT LIABILITIES		1,250,494	(443,041)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,598,141	(333,569)
CAPITAL AND RESERVES			
Called-up share capital	12	1	1
Share premium account	13	999	999
Revenue reserves	13	1,396,900	1,396,900
Profit and loss account	13	200,241	(1,731,469)
		1,598,141	(333,569)

On behalf of board

Director

Mr F Angelkoetter

Date Dec 10th 2013

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2012

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company will continue to receive financial support from its immediate parent company, Porsche Lizenz- und Handelsgesellschaft mbH & Co KG. Therefore the directors believe it is appropriate to prepare the financial statements on a going concern basis

Cash flow statements
A cash flow statement has not been prepared as the company has taken advantage of the exemption granted to 90% or more owned subsidiaries under FRS1 This is on the basis that group financial statements including the results of the Company are prepared and are publicly available

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Revenue 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 Revenue is reported net of discounts, customer bonuses and rebates

Income from assets for which the company has a buy-back obligation cannot be realised until the assets have definitely left the company If a fixed repurchase price was agreed when the contract was concluded, the difference between the selling and repurchase price is recognised as income rateably over the term of the contract Prior to that time, the assets are accounted for as inventories

Depreciation
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

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

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 disposal

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

1. ACCOUNTING POLICIES (continued)

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 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

Foreign Currencies
Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or, if appropriate, using rates specified in forward currency contracts Transactions in foreign currencies are translated into sterling either at the rate of exchange ruling at the date of the transaction or at the appropriate forward contracted rate All exchange differences arising are included in the profit and loss account for the year.

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

2. TURNOVER

Turnover, which is the value of goods sold and services provided to customers and is exclusive of Value Added Tax

Turnover is attributable to one continuing activity

3. OPERATING PROFIT/(LOSS)

	2012	2011
	£	£
This is stated after charging		
Auditors' remuneration – audit	11,000	10,000
Operating lease rentals – land and buildings	101,628	567,258
Depreciation (note 8)	30,028	16,536

The Other Income is in respect of the sale of the lease for the store at 119 New Bond Street

4. 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 2012, or for the year ended 31 December 2011

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

5. STAFF COSTS

	2012	2011
	£	£
Wages and salaries	247,831	217,497
Social security costs	26,797	25,234
	274,628	242,731

The average number of persons including directors employed by the Company during the year was

	2012	2011
	No	No.
Sales & administration	8	8

6. INTEREST PAYABLE

	2012	2011
	£	£
Interest payable to affiliates	27,108	13,829
	27,108	13,829

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

7. TAXATION

(a) Tax on the loss on ordinary activities

The tax credit is made up as follows

	2012	2011
	£	£
UK Corporation tax		
Current tax on profits for the year	159,821	-
Adjustment in respect of previous years	-	137,594
Total current tax (note 7b)	159,821	137,594
Deferred tax		
Origination and reversal of timing differences (note 7c)	11,270	148,664
Tax credit on loss on ordinary activities	171,091	286,258

(b) Factors affecting current tax charge

In his Budget 2012 on 21 March 2012, the Chancellor of the Exchequer announced a reduction in the UK rate of corporation tax to 24% This reduced rate applied from 1 April 2012 and was enacted using secondary legislation A further 1% rate reduction to 23% was also announced and it was intended that this would be effective from 1 April 2013

However, in his Budget of 20 March 2013, the Chancellor of the Exchequer announced a number of further changes to the UK Corporation Tax rate These included a reduction in the UK corporation tax rate from 23% to 21% effective from 1 April 2014 and to further reduce the UK corporate income tax rate to 20%, effective from 1 April 2015. These have been substantively enacted in July 2013, consequently, the company will only recognise the impact of the rate change which is substantively enacted at that time in its financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

7. TAXATION (continued)

The tax assessed on the loss on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 24 5% (2011 effective rate of 26.5%) The differences are reconciled below

	2012 £	2011 £
Profit/(Loss) on ordinary activities before tax	2,102,801	(328,080)
Profit/(Loss) on ordinary activities multiplied by rate of corporation tax	515,186	(86,941)
Expenses not deductible for tax purposes	(179,645)	733
General provisions	(54,080)	51,120
Capital allowances in excess of depreciation	2,067	(5,880)
Unrelieved tax losses carried forward	-	40,968
Tax losses utilised in period	(283,528)	-
Capital gains	159,821	-
Adjustment in respect of previous years	-	137,594
Total current tax (note 7a)	159,821	137,594

(c) The deferred tax asset recognised in the balance sheet is as follows

	2012 £	2011 £
Accelerated capital allowances	14,340	13,494
Other timing differences	7,777	63,643
Trading tax losses	43,750	63,643
	65,867	77,137

	£	£
At 1 January 2012	77,137	225,800
Deferred tax charge in profit and loss account (note 7a)	(5,395)	(143,346)
Impact of Corporation Tax Rate Change (25% - 23%)	(5,875)	(5,317)
At 31 December 2012	65,867	77,137

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

8. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Computer Equipment £	Office Equipment £	Total £
Cost				
At 1 January 2012	455,222	9,186	27,377	491,785
Additions	314,299	-	-	314,299
Disposals	(397,090)	(4,598)	(20,977)	(422,665)
At 31 December 2012	372,431	4,588	6,400	383,419
Depreciation				
At 1 January 2012	(351,740)	(5,363)	(25,210)	(382,313)
Charge for year	(28,441)	(1,147)	(440)	(30,028)
Disposals	352,721	4,598	19,250	376,569
At 31 December 2012	(27,460)	(1,912)	(6,400)	(35,772)
Net book amount				
At 31 December 2012	344,971	2,676	-	347,647
At 31 December 2011	103,482	3,823	2,167	109,472

9. STOCKS

	2012 £	2011 £
Fashion and accessories	534,600	345,378

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

10. DEBTORS

	2012	2011
	£	£
Trade debtors	82,639	786
Amounts owed by other group companies	387,893	146,195
Prepayments	259,484	290,892
Accrued income	141,260	375,875
Deferred taxation (note 7c)	65,867	77,137
	937,143	890,885

11. CREDITORS amounts falling due within one year

	2012	2011
	£	£
Trade creditors	23,569	31,118
Amounts owed to parent undertakings	178,124	1,306,108
Deferred income	18,086	36,173
Accruals	62,840	361,334
Other liabilities	44,027	49,479
Corporation Tax	159,821	-
	486,467	1,784,212

12. SHARE CAPITAL

	Authorised 31 December 2012 & 31 December 2011	*Allotted Called up and fully paid 31 December 2012 & 31 December 2011*
	No	£
Ordinary shares of £1 each	1,000	1

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital	Share Premium	Revenue Reserves	Profit and Loss Account	Total
	£	£	£	£	£
At 1 January 2011	1	999	1,096,900	(1,117,131)	(19,231)
Loss for year	-	-	300,000	(614,338)	(314,338)
At 1 January 2012	1	999	1,396,900	(1,731,469)	(333,569)
Profit for year	-	-	-	1,931,710	11,931,710
At 31 December 2012	1	999	1,396,900	200,241	1,598,141

14. OTHER FINANCIAL COMMITMENTS

Lease Commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases in respect of Land and buildings as set out below

	Land and Buildings 2012	Land and Buildings 2011
	£	£
Operating leases which expire within one year	-	133,333
	-	133,333

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

15. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of a parent undertaking whose financial statements are publicly available, the company has taken advantage of the exemption in Paragraph 3(c) of FRS 8 from disclosing transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to transactions are wholly owned by the ultimate controlling parent

16. POST BALANCE SHEET EVENTS

On the 16th April 2013, the company entered into a leasehold agreement for a store at 59 Brompton Road, London SW3. This store is expected to open in December 2013

17. ULTIMATE PARENT COMPANY

The immediate parent company is Porsche Lizenz- und Handelsgesellschaft mbH & Co.KG Throughout the period and until 1 August 2012 the parent undertaking and controlling party of both the smallest and largest group, of which the company was a member was Porsche Zwischenholding GmbH a company incorporated in Germany. Copies of this company's accounts can be obtained from Dr. Ing. h c. F Porsche A G , 70432 Stuttgart, Germany

Since 1 August 2012 the parent undertaking and controlling party of both the smallest and largest group, of which the company is a member and for which group accounts are prepared, is Volkswagen Aktiengesellschaft (Volkswagen AG), a company incorporated in Germany Copies of this company's accounts can be obtained from Volkswagen Aktiengesellschaft, 38436, Wolfsburg, Germany