5309560

# Porsche Design
# Great Britain Limited

## Report and Financial Statements

5 month period ended 31 December 2010

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

**COMPANY SECRETARY**
Mr B Moloney

**AUDITORS**
Ernst & Young LLP
Apex Plaza
Reading
RG1 1YE

**SOLICITORS**
Pitmans
47 Castle Street
Reading
Berkshire
RG1 7SR

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

**REGISTERED OFFICE**
Bath Road
Calcot
Reading
RG31 7SE

**REGISTERED NUMBER**
05309560

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 5 month period ended 31 December 2010

### PRINCIPAL ACTIVITY

The Company was incorporated on the 9th December 2004

The Company opened its store in New Bond Street London on the 12th August 2005 The store retails high quality men's accessories in the luxury product market, branded under the name Porsche Design

### FUTURE DEVELOPMENTS

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

### RESULTS AND DIVIDENDS

The loss for the 5 month period amounted to £52,972 (Year ended 31 July 2010 (Loss £90,964)

The directors do not recommend the payment of a dividend

### 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.

### 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' REPORT (continued)**

**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**

Dr Geßler

Date 22 9 11.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 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 5 month period ended 31 December 2010 which comprise the Profit and Loss Account, 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 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 directors' report 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 2010 and of its loss 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

27 September 2011

**PROFIT AND LOSS ACCOUNT**
for the 5 month period ended 31 December 2010

| | Note | 5 month period ended 31 December 2010 £ | 12 month period ended 31 July 2010 £ |
|---|---|---|---|
| TURNOVER | 2 | 511,153 | 923,018 |
| Cost of sales | | (259,264) | (471,741) |
| GROSS PROFIT | | 251,889 | 451,277 |
| Administration expenses | | (308,481) | (642,568) |
| OPERATING LOSS | 3 | (56,592) | (191,291) |
| Interest payable | 6 | (5,629) | (13,255) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (62,221) | (204,54[illegible] |
| Taxation | 7 | 9,249 | 113,582 |
| LOSS FOR FINANCIAL YEAR | 13 | (52,972) | (90,964) |

All transactions relate to continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
**for the 5 month period ended 31 December 2010**

A statement of total recognised gains or losses has not been prepared because the Company has no gains or losses other than the loss of £ 52,972 attributable to the shareholders for the 5 month period ended 31 December 2010 (Year ended 31 July 2010 £90,964)

## BALANCE SHEET
## At 31 December 2010

| | Note | 31 December 2010 £ | 31 July 2010 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible fixed assets | 8 | 44,408 | 42,041 |
| **CURRENT ASSETS** | | | |
| Stock | 9 | 260,878 | 264,141 |
| Debtors | 10 | 476,664 | 507,686 |
| Cash in hand | | 59,475 | 113,144 |
| | | 797,017 | 884,971 |
| **CREDITORS:** amounts falling due within one year | 11 | (860,656) | (893,271) |
| **NET CURRENT LIABILITIES** | | (63,639) | (8,300) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | (19,231) | 33,741 |
| **CAPITAL AND RESERVES** | | | |
| Called-up share capital | 12 | 1 | 1 |
| Share premium account | 13 | 999 | 999 |
| Revenue reserves | 13 | 1,096,900 | 1,096,900 |
| Profit and loss account | 13 | (1,117,131) | (1,064,159) |
| | | (19,231) | 33,741 |

On behalf of board

**Director**

Dr. Geßler

Date 22.9.11

**NOTES TO THE FINANCIAL STATEMENTS**
**At 31 December 2010**

## 1. ACCOUNTING POLICIES

*Accounting convention*
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

*Fundamental accounting concept*
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 even though the Company had net current liabilities at the end of the financial year

*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 generally 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 generally 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 |

*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 2010**

## 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 LOSS

| | 5 month period ended 31 December 2010 | 12 month period ended 31 July 2010 |
|---|---|---|
| | £ | £ |
| This is stated after charging | | |
| Auditors' remuneration – audit | 10,000 | 11,000 |
| Operating lease rentals – land and buildings | 94,612 | 202,500 |
| Depreciation (note 8) | 19,098 | 76,893 |

## 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 these directors do not consider that they have received any remuneration for their incidental services to the company for the 5 month period ended 31 December 2010, or for the 12 month period ended 31 July 2010

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**At 31 December 2010**

## 5. STAFF COSTS

| | 5 month period ended 31 December 2010 £ | 12 month period ended 31 July 2010 £ |
|---|---|---|
| Wages and salaries | 64,533 | 138,347 |
| Social security costs | 7,075 | 15,045 |
| | 71,608 | 153,392 |

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

| | 5 month period ended 31 December 2010 No | 12 month period ended 31 July 2010 No |
|---|---|---|
| Sales & administration | 5 | 5 |

## 6. INTEREST PAYABLE

| | 5 month period ended 31 December 2010 £ | 12 month period ended 31 July 2010 £ |
|---|---|---|
| Interest payable to third parties | 4 | - |
| Interest payable to affiliates | 5,625 | 13,255 |
| | 5,629 | 13,255 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**At 31 December 2010**

## 7. TAXATION

(a) Tax on the loss on ordinary activities

The tax credit is made up as follows

| | 5 month period ended 31 December 2010 | 12 month period ended 31 July 2010 |
|---|---|---|
| | £ | £ |
| UK Corporation tax | - | - |
| Adjustment in respect of previous years | - | (892) |
| Total current tax (note 7b) | - | (892) |
| Deferred tax | | |
| Origination and reversal of timing differences (note 7c) | (9,249) | (112,690) |
| Tax credit on loss on ordinary activities | (9,249) | (113,582) |

(b) Factors affecting current tax charge

With effect from 1 April 2011, the corporation tax rate will reduce from 28% to 26% (rather than 27% as previously enacted) UK corporation tax is to further reduce to 23% by 1% each year, from April 2012, which will be enacted annually The effect of the reduction in the tax rate to 23% on the company's deferred tax asset would be to increase the deferred tax asset by £21,712 The rate change will also impact the amount of future cash tax payments to be made by the Company

The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statements in future tax years, as appropriate, once the proposals have been substantively enacted

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**At 31 December 2010**

**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 28% (2010 effective rate of 28 0%) The differences are reconciled below

| | 5 month period ended 31 December 2010 £ | 12 month period ended 31 July 2010 £ |
|---|---|---|
| Loss on ordinary activities before tax | (62,221) | (204,546) |
| Loss on ordinary activities multiplied by rate of corporation tax | (17,422) | (57,273) |
| Expenses not deductible for tax purposes | 950 | 4,965 |
| General provisions | - | (88) |
| Depreciation in excess of capital allowances | 1,682 | 11,347 |
| Unrelieved tax losses carried forward | 14,790 | 41,049 |
| Adjustment in respect of previous years | - | (892) |
| Total current tax (note 7a) | - | (892) |

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

| | 5 month period ended 31 December 2010 £ | 12 month period ended 31 July 2010 £ |
|---|---|---|
| Accelerated capital allowances | 14,759 | 19,773 |
| Other timing differences | 211,041 | 196,778 |
| | 225,800 | 216,551 |
| | £ | £ |
| At 1st August 2010 | 216,551 | 103,861 |
| Deferred tax credit in profit and loss account (note 7a) | 9,592 | 120,710 |
| Impact of Corporation Tax Rate Change (28% - 27%) | (343) | (8,020) |
| At 31 December 2010 | 225,800 | 216,551 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**At 31 December 2010**

## 8. TANGIBLE FIXED ASSETS

| | Fixtures & Fittings £ | Computer Equipment £ | Office Equipment £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 August 2010 | 364,152 | 4,598 | 27,377 | 396,127 |
| Additions | 21,465 | - | - | 21,465 |
| Disposals | (7,407) | - | - | (7,407) |
| At 31 December 2010 | 378,210 | 4,598 | 27,377 | 410,185 |
| **Depreciation** | | | | |
| At 1 August 2010 | (326,999) | (4,598) | (22,489) | (354,086) |
| Charge for year | (17,696) | - | (1,402) | (19,098) |
| Disposals | 7,407 | - | - | 7,407 |
| At 31 December 2010 | (337,288) | (4,598) | (23,891) | (365,777) |
| **Net book amount** | | | | |
| At 31 December 2010 | 40,922 | - | 3,486 | 44,408 |
| At 31 July 2010 | 37,153 | - | 4,888 | 42,041 |

## 9. STOCKS

| | 31 December 2010 £ | 31 July 2010 £ |
|---|---|---|
| Fashion and accessories | 260,878 | 264,141 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**At 31 December 2010**

## 10. DEBTORS

| | 31 December 2010 £ | 31 July 2010 £ |
|---|---|---|
| Trade debtors | 157 | - |
| Amounts owed by other group companies | 1,224 | 18,896 |
| Prepayments | 249,483 | 272,239 |
| Deferred taxation (note 7c) | 225,800 | 216,551 |
| | 476,664 | 507,686 |

## 11. CREDITORS amounts falling due within one year

| | 31 December 2010 £ | 31 July 2010 £ |
|---|---|---|
| Trade creditors | 10,054 | 56,584 |
| Amounts owed to parent undertakings | 792,189 | 773,391 |
| Accruals | 28,053 | 40,521 |
| Other liabilities | 30,360 | 22,775 |
| | 860,656 | 893,271 |

## 12 SHARE CAPITAL

| | *Authorised 31 July 2010 & 31 December 2010* | *Allotted Called up and fully paid 31 July 2010 & 31 December 2010* |
|---|---|---|
| | No. | £ |
| Ordinary shares of £1 each | 1,000 | 1 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**At 31 December 2010**

## 13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | Share Capital | Share Premium | Revenue Reserves | Profit and Loss Account | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **At 1 August 2009** | 1 | 999 | 987,900 | (973,195) | 15,705 |
| Loss for the year | - | - | - | (90,964) | (90,964) |
| Revenue Reserves | | | 109,000 | - | 109,000 |
| **At 1 31 July 2010** | 1 | 999 | 1,096,900 | (1,064,159) | 33,741 |
| Loss for year | - | - | - | (52,972) | (52,972) |
| **At 31 December 2010** | 1 | 999 | 1,096,900 | (1,117,131) | (19,231) |

## 14. OTHER FINANCIAL COMMITMENTS

*Lease Commitments*

At 31 December 2010 the Company had annual commitments under non-cancellable operating leases in respect of Land and buildings as set out below

| | Land and Buildings 31 December 2010 | Land and Buildings 31 July 2010 |
|---|---|---|
| | £ | £ |
| Operating leases | | |
| which expire within one year | - | - |
| which expire between two and five years | 225,000 | 225,000 |
| over five years | - | - |
| | 225,000 | 225,000 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**At 31 December 2010**

## 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. ULTIMATE PARENT COMPANY

The immediate parent company is Porsche Lizenz- und Handelsgesellschaft mbH & Co.KG The parent undertaking of both the smallest and largest group, of which the company is a member and for which group accounts are prepared, is 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