

Company Registration No. 00574704

Croydon Logistics Limited

Annual Report and Financial Statements

For the year ended

31 December 2013

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Croydon Logistics Limited

Annual Report and Financial Statements For the year ended 31 December 2013

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Croydon Logistics Limited

Report and financial statements 2013

Officers and professional advisers

Directors

O Nicolay
K A Matthews (resigned 31/07/14)
M Hamilton
S A Wright
D Moloney (resigned 31/12/13)
A Lilley
P Dekkers (appointed 01/01/14)
P Gaff (appointed 01/01/14)

Company Secretary

P Gaff

Registered Office

Bourjois House
Queensway
Croydon
Surrey CR9 4DL

Bankers

HSBC Bank plc
Central Croydon
9 Wellesley Road
Croydon
Surrey CRO 2AG

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Croydon Logistics Limited

Strategic report

Introduction and strategy

The directors, when preparing this report, have complied with s414c of the Companies Act 2006. The company's principal activity is the provision of warehousing, distribution and administration services.

The directors are satisfied with the results of the operation and anticipate further growth in 2013. As such the company has adopted the going concern basis for its financial statements, see note 1 for further information.

Operating and business review

The directors consider the company trading result and financial position to be satisfactory. During the year, the company has continued to grow, in line with the directors' expectations.

As Croydon Logistics Limited provides these services to group companies, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business

Principal risks and uncertainties

The directors consider that the major risk and uncertainty to the company is the continued growth of the parent company. This risk is discussed in the financial statements of that company.

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



P Gaff
Company Secretary

16 September 2014

Croydon Logistics Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Dividends and results

The directors do not recommend the payment of a dividend (2012: £nil).

The results of the company are stated on page 8.

Directors and their interests

The directors who held office throughout the year, unless otherwise disclosed, and thereafter were as follows:

O Nicolay	
K A Matthews	(resigned 31/07/14)
M Hamilton	
S A Wright	
D Moloney	(resigned 31/12/13)
A Lilley	
P Dekkers	(appointed 01/01/14)
P Gaff	(appointed 01/01/14)

Employees

Equal opportunities

The company does not discriminate on grounds of age, colour, disablement, marital status, race, religion or sex. People are given the opportunity to develop and progress according to their ability.

Disabled employees

It is the policy of the company to give disabled people full and fair consideration for all job vacancies for which they offer themselves, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and if necessary the company endeavours to re-train any member of staff who develop a disability during employment with us.

Employee involvement

The company maintains a close relationship with its employees by a conscious policy of informing them of relevant events and the state of the business through discussions, meetings, notices and by consulting employees.

Research and development

Research and development costs represent contributions made for design fees and development of new products overseas.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

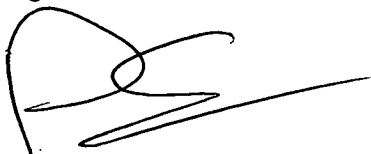
Croydon Logistics Limited

Directors' report (continued)

Auditor

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

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

A handwritten signature in black ink, appearing to be 'P Gaff', with a long horizontal stroke extending to the right.

P Gaff
Company Secretary

16 September 2014

Croydon Logistics Limited

Directors' responsibilities statement

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 Financial Reporting Standard 101 Reduced Disclosure Framework. 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 Financial Reporting Standard 101 Reduced Disclosure Framework has 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 Croydon Logistics Limited

We have audited the financial statements of Croydon Logistics Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

K. J. Houldsworth

Kate J Houldsworth FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

17th September 2014

Croydon Logistics Limited

Profit and loss account Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	4	12,251	10,985
Cost of sales		(10,569)	(9,412)
Gross profit		1,682	1,573
Administrative expenses		(393)	(232)
Other operating income		158	-
Operating profit	5	1,447	1,341
Interest receivable and similar income	7	109	319
Interest payable and similar charges	8	(157)	(199)
Profit on ordinary activities before tax		1,399	1,461
Tax on profit on ordinary activities	9	(433)	(489)
Profit on ordinary activities after taxation		966	972

All results are from continuing operations.

Statement of other comprehensive income and expense Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Profit for the financial year		966	972
Actuarial gain/(loss) relating to the pension schemes	16	528	(1,480)
UK deferred tax attributable to actuarial loss relating to pension schemes		(173)	(67)
Total comprehensive income for the year		1,321	(575)

Croydon Logistics Limited

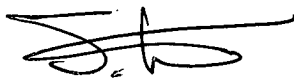
Balance sheet

Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000	2011 £'000
Tangible fixed assets	10	2,645	2,178	2,020
Current assets				
Debtors: amounts falling due within one year	11	6,819	13,821	11,355
Cash		30	27	24
		<u>6,849</u>	<u>13,848</u>	<u>11,379</u>
Creditors: amounts falling due within one year	12	<u>(1,622)</u>	<u>(7,338)</u>	<u>(5,517)</u>
Net current assets		<u>5,227</u>	<u>6,510</u>	<u>5,862</u>
Total assets less current liabilities		<u>7,872</u>	<u>8,687</u>	<u>7,882</u>
Pension liability	16	<u>(2,142)</u>	<u>(4,279)</u>	<u>(2,898)</u>
Net assets		<u><u>5,730</u></u>	<u><u>4,409</u></u>	<u><u>4,984</u></u>
Capital and reserves				
Called-up share capital	14	9	9	9
Profit and loss account	15	<u>5,721</u>	<u>4,400</u>	<u>4,975</u>
Shareholder's funds	15	<u><u>5,730</u></u>	<u><u>4,409</u></u>	<u><u>4,984</u></u>

These financial statements of Croydon Logistics Limited (registered number 00574704) on pages 8 to 24 were approved by the Board of Directors and authorised for issue on 16 September 2014.

Signed on behalf of the Board of Directors



S A Wright
Director

Croydon Logistics Limited

Statement of changes in equity Year ended 31 December 2013

	Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2012	9	4,975	4,984
Profit for the period	-	972	972
Other comprehensive income for the period	-	(1,547)	(1,547)
Total comprehensive income for the period and balance as at 31 December 2013	9	4,400	4,409
Profit for the period	-	966	966
Other comprehensive income for the period	-	355	355
Total comprehensive income for the period and balance as at 31 December 2013	9	5,721	5,730

Croydon Logistics Limited

Notes to the financial statements **Year ended 31 December 2013**

1. General information

Croydon Logistics Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic review on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. Significant accounting policies

The principal accounting policies are summarised below. They have been applied consistently through the year and the preceding year.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2013 the company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

This transition is not considered to have had a material effect on the financial statements.

FRS 101 has been adopted in the financial statements for the year ended 31 December 2013 which represents early adoption compared to the required adoption date of 31 December 2015. All changes and the impact on the primary statements are set out in detail in note 20.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Chanel International BV. The group accounts of Chanel International BV are available to the public and can be obtained as set out in note 21.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and conclude that it is appropriate. In coming to this conclusion, the directors have considered the financial and cash position of the company (as disclosed in the balance sheet) and the forecast cash requirements and cash generation of the company for a period of not less than 12 months from the signing of the financial statements. Furthermore, the company has continuing arrangements for the provision of its services in place with its parent company and two other related parties. As both the parent company and two other related parties are profit making, have net current assets and net assets, the Directors believe that the company is well placed to maintain its position. The Directors therefore continue to adopt the going concern basis for the preparation of the Annual Report and Financial Statements.

Croydon Logistics Limited

Notes to the financial statements Year ended 31 December 2013

2. Significant accounting policies (continued)

Revenue recognition

Revenue

Revenue represents the value of goods and services provided in respect of the financial year (excluding Value Added Tax) and are recognised as the service is rendered.

Revenue is valued at the fair value of the consideration received, excluding taxes, net of discounts and after elimination of intercompany sales.

Tangible fixed assets

The company's policy with regard to expenditure on integral repairs and improvements to freehold property is to capitalise these items on completion. No provision is made for amortisation of freehold land and buildings because in the opinion of the directors the book values of the freehold properties are equal to or below their market values. Depreciation on other assets is provided on cost in equal annual instalments over the estimated useful lives of the assets.

The rates of depreciation are as follows:

Freehold improvements	4% per annum
Leasehold improvements	10% per annum
Plant and machinery	Between 10% and 20% per annum
Fixtures and fittings (including furniture, tools and equipment)	10% per annum
Motor vehicles	25% per annum

Land and assets under construction are not depreciated.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, annually with the effects of any change in estimate being accounted for on a prospective basis.

Impairment of assets

Tangible fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired. Impairment tests seek to determine whether the recoverable amount of an asset, a cash-generating unit ("CGU") or a group of CGUs is less than its net carrying amount. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. When the carrying amount of such assets is greater than the higher of their value in use or fair value less cost to sell, the resulting impairment loss is recognised below operating profit.

Impairment losses recognised in relation to property, plant, and equipment may be reversed at a later date up to the amount of the losses initially recognised, when the recoverable amount becomes greater than the net carrying amount.

Debtors

Debtors are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is made when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The movement of the provision is recognised in Administrative expenses.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and demand deposits as well as other short-term highly liquid investments with original maturities of three months or less that are subject to an insignificant risk of change in value.

Croydon Logistics Limited

Notes to the financial statements Year ended 31 December 2013

2. Significant accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The measurement of deferred tax amounts depends on the way in which the Company intends to recover or settle the carrying amount of assets and liabilities and is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are not discounted and are classified in the statements of financial position under non-current assets and liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and the carry-forward of unused tax losses, and of unused tax credits, can be utilised. The Company reviews its deferred tax balances at each balance sheet date to take into account factors such as the impact of changes in tax laws and the prospects of recovering deferred tax assets from deductible temporary differences and from the carry-forward of unused tax losses and of unused tax credits.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Financial assets

The company classifies its financial assets in the following categories:

- fair value through profit or loss; and
- loans and receivables.

The classification of a financial asset determines its accounting treatment and depends on the nature and purpose for which the financial asset was acquired. Purchases and sales of financial assets are recognised on the trade date, which is the date the company is committed to the purchase or sale of the asset. A financial asset is derecognised if the contractual rights to the cash flows from the financial asset expire or the asset has expired or has been transferred and the company has transferred substantially all risks and rewards of ownership.

Fair value through profit or loss

Financial assets classified as fair value through the profit or loss are financial assets that are either held for trading or specifically designated in this category. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are presented within finance costs, net in the period in which they arise.

Croydon Logistics Limited

Notes to the financial statements Year ended 31 December 2013

2. Significant accounting policies (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those that have maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those classified as fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Such financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For financial assets carried at amortised cost, such as loans and receivables or held-to-maturity investments, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The company directly reduces the carrying amount of a financial asset by the amount of any impairment loss with an offsetting charge to the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

The company recognises all financial liabilities initially at fair value and subsequently at amortised cost, using the effective interest method. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Pension costs

The company operates a defined benefit pension scheme and a defined contribution pension scheme. The assets of the defined benefit scheme are held separately from those of the company in independently administered funds.

The full service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service is charged to the profit and loss account. A charge equal to the expected increase in the present value of the scheme liabilities because the benefits are closer to settlement and a credit equivalent to the company's long-term expected return on assets based on the market value of the schemes' assets at the start of the period, are included in the profit and loss account with 'interest receivable and similar income'.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as a liability on the balance sheet, net of deferred tax. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience or assumption changes.

Croydon Logistics Limited

Notes to the financial statements Year ended 31 December 2013

2. Significant accounting policies (continued)

Pension costs (continued)

Further information on pension arrangements is set out in note 16.

The defined benefit pension scheme was closed to new entrants with effect from 28 January 2003 since which date defined contribution schemes have operated.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefit is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable and liabilities paid and payable as incentives or premiums to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

3. Use of estimates

The preparation of financial statements in conformity with FRS 101 requires the company's management to make certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current economic situation. Items in future financial statements could differ from current estimates as a result of changes in these assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are addressed below. The critical accounting estimates and judgements made by management in the preparation of the financial statements are the following:

- valuation of property, plant, and equipment; and
- assumptions underlying the calculation of obligations relating to employee benefits;

The main assumptions made by the company related to the estimates and judgements listed above are detailed in the respective notes to the financial statements.

4. Revenue

An analysis of the company's turnover is as follows:

	2013 £'000s	2012 £'000s
Continuing operations		
Services rendered (turnover)	12,251	10,985
Interest receivable and similar income (note 7)	109	319
Total revenue	12,360	11,304

All turnover is derived from one class of business within the United Kingdom.

Croydon Logistics Limited

Notes to the financial statements Year ended 31 December 2013

5. Operating profit for the year

	2013 £'000s	2012 £'000s
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	284	257
Loss on disposal of property, plant and equipment	(78)	-
Rentals under operating leases: other	64	65

	2013 £'000s	2012 £'000s
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	10	10
Fees payable to the company's auditor and its associates for other services:		
Tax services	44	8
	<u>54</u>	<u>18</u>

6. Information regarding directors and employees

	2013 £'000	2012 £'000
Directors' emoluments		
Emoluments	844	710
Pension costs	61	49
Remuneration of the highest paid director	220	186
Highest paid director's pension costs	10	8

In 2013, contributions of £10,446 (2012: £7,500) were made to the highest paid director's defined contribution pension scheme.

	2013 No.	2012 No.
The number of directors accruing benefits under:		
Defined benefit pension schemes	4	4
Defined contribution pension schemes	1	1
Average number of persons employed (including directors)		
Production and distribution	72	67
Administration	90	79
	<u>162</u>	<u>146</u>

Croydon Logistics Limited

Notes to the financial statements Year ended 31 December 2013

6. Information regarding directors and employees (continued)

	2013 £ '000s	2012 £ '000s
Staff costs during the year (including directors)		
Wages and salaries	2,843	2,534
Social security costs	608	538
Other pension costs	791	752
Compensation for loss of office	107	159
	<u>4,349</u>	<u>3,983</u>

7. Interest receivable and similar income

	2013 £ '000s	2012 £ '000s
Interest from loans to fellow subsidiaries	108	150
Bank interest receivable	1	169
	<u>109</u>	<u>319</u>

8. Interest payable and similar charges

	2013 £ '000s	2012 £ '000s
Interest on intercompany loans	-	64
Net interest on the net defined benefit liability	138	121
Realised foreign currency transaction loss, net	19	14
Other interest payable	-	1,089
	<u>157</u>	<u>1,288</u>

9. Tax on profit on ordinary activities

	2013 £ '000s	2012 £ '000s
Current taxation		
United Kingdom corporation tax	(281)	(372)
Adjustments in respect of prior years	(1)	3
	<u>(282)</u>	<u>(369)</u>
Deferred taxation		
Timing differences, origination, reversal and changes in deferred tax rates	(63)	(69)
Adjustment in respect of prior years	31	(2)
Effect of changes in tax rate	(119)	(49)
	<u>(433)</u>	<u>(489)</u>

Croydon Logistics Limited

Notes to the financial statements Year ended 31 December 2013

9. Tax on profit on ordinary activities (continued)

Reconciliation of tax charge

The UK corporation tax rate for the period was 24% for the period up to 31 March 2013 and 23% thereafter. The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2013 £ '000s	2012 £ '000s
Profit on ordinary activities before taxation	1,399	1,461
Tax charge on profit on ordinary activities at 23.25% (2012: 24.5%)	(325)	(358)
Factors affecting charge:		
Expenses not deductible for tax purposes	(19)	(53)
Capital allowances in excess of depreciation	(20)	-
Movement in short term timing differences	(291)	39
Prior year adjustments	(1)	(3)
Effect of FRS17 Adjustment	374	-
Current tax charge for the year	(282)	(369)

10. Tangible fixed assets

	Freehold property £'000s	Machinery, furniture and equipment £'000s	Construction in progress £'000s	Total £'000s
Cost				
At 1 January 2013	2,799	2,961	-	5,760
Additions	333	446	59	837
Transfer from construction	12	18	(30)	-
Disposals	(67)	(20)	-	(87)
At 31 December 2013	3,077	3,405	29	6,511
Accumulated depreciation				
At 1 January 2013	1,536	2,046	-	3,582
Charge for the year	81	212	-	293
Disposals	-	(9)	-	(9)
At 31 December 2013	1,617	2,249	-	3,866
Net book value				
At 31 December 2013	1,460	1,156	29	2,645
At 31 December 2012	1,263	915	-	2,178

Croydon Logistics Limited

Notes to the financial statements Year ended 31 December 2013

11. Debtors: amounts falling due within one year

	2013 £ '000s	2012 £ '000s
Trade debtors	-	1
Provision for trade debtors	-	(1)
	-	-
Amounts owed by fellow subsidiaries	5,121	12,371
Deferred tax asset	707	964
Other debtors	46	104
Other tax debtor	192	183
Prepayments and accrued income	753	199
	<u>6,819</u>	<u>13,821</u>

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

12. Creditors: amounts falling due within one year

	2013 £'000s	2012 £'000s
Trade creditors	285	118
Amounts owed to fellow subsidiaries	6	6,076
Other creditors	12	1
Corporation tax	148	130
Other taxation and social security	47	44
Accruals and deferred income	1,124	969
	<u>1,622</u>	<u>7,338</u>

13. Deferred tax asset

	2013 £'000s	2012 £'000s
At 1 January 2013		964
Charge to profit and loss account		(257)
At 31 December 2013		<u>707</u>
Analysed as:		
Capital allowances in excess of depreciation	(65)	(128)
Short-term timing differences	344	108
Pension	428	984
	<u>707</u>	<u>964</u>

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Notes to the financial statements Year ended 31 December 2013

14. Called up share capital

	2013 £'000	2012 £'000
Authorised, called up, allotted and fully paid: 9,000 ordinary shares of £1 each	9	9

15. Movement in reserves

	Profit and loss £'000s
At 1 January 2013	4,400
Profit for the financial year	966
Total comprehensive income for the year	355
At 31 December 2013	5,721

16. Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the schemes are held separately from those of the company in funds under the control of trustees. The total cost charged to income of £422 thousand (2012: £356 thousand) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 2013, contributions of £nil (2012: £nil) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit schemes

The company operates a final salary defined benefit pension scheme. The assets of the scheme are held in separate trustee administered funds. Only the part of the pension scheme that relates to the employees of Croydon Logistics Limited has been disclosed.

The pension cost relating to the scheme is determined by an independent qualified actuary on the basis of triennial valuations, using the attained age method.

At the date of the latest valuation, the combined market value of the assets of the schemes was £51.0m and the deficit was £10.6m. The last full funding valuation was carried out as at 5 April 2012. Following the completion of this valuation, the company committed to an additional one-off contribution of £5m to the pension scheme in 2013 followed by a further £0.9m in each of the subsequent nine years.

	Valuation at	
	2013 %	2012 %
Key assumptions used:		
Discount rate	4.4	4.7
Expected return on scheme assets	4.4	4.7
Expected rate of salary increases	3.5	4.7
Future pension increases	2.9	3.1
Inflation	3.0	3.2

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Notes to the financial statements Year ended 31 December 2013

16. Retirement benefit schemes (continued)

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2013	2012
	%	%
Retiring today:		
Males	23.0	22.9
Females	25.4	25.3
Retiring in 20 years:		
Males	24.7	24.7
Females	27.3	27.2

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2013	2012
	£'000s	£'000s
Current service cost	409	346
Interest cost	138	121
Administrative expenses	14	11
	<u>561</u>	<u>478</u>

The actual return on scheme assets was £2,337 thousand (2012: £3,315 thousand).

The cumulative amount of actuarial gains and losses recognised in the other comprehensive income since the date of transition to FRS 101 is £952 thousand loss (2012: £1,480 thousand loss).

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2013	2012
	£'000s	£'000s
Present value of defined benefit obligations	(26,381)	(24,564)
Fair value of scheme assets	<u>24,239</u>	<u>20,285</u>
Liability recognised in the balance sheet	<u>(2,142)</u>	<u>(4,279)</u>

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Notes to the financial statements Year ended 31 December 2013

16. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations were as follows:

	2013 £'000s	2012 £'000s
At 1 January	(24,564)	(19,821)
Service cost	(409)	(346)
Interest cost	(1,067)	(920)
Actuarial gains and losses due to changes in financial assumptions	(707)	(1,037)
Actuarial gains and losses - experience losses	(173)	(2,958)
Participant Contributions	(92)	(92)
Benefits paid	631	610
At 31 December	<u>(26,381)</u>	<u>(24,564)</u>

Movements in the fair value of scheme assets were as follows:

	2013 £'000s	2012 £'000s
At 1 January	20,285	16,923
Expected return on scheme assets	929	799
Actuarial gains and losses	1,408	2,515
Admin expenses	(14)	(11)
Contributions from the company	2,170	576
Contributions from scheme members	92	93
Benefits paid	(631)	(610)
At 31 December	<u>24,239</u>	<u>20,285</u>

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows:

	Fair value of assets	
	2013 £'000s	2012 £'000s
Equity instruments	14,508	12,334
Debt instruments	864	915
Corporate bonds	5,594	5,622
Insurance	4	3
Cash	3,269	1,411
	<u>24,239</u>	<u>20,285</u>

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Notes to the financial statements Year ended 31 December 2013

16. Retirement benefit schemes (continued)

	2013 £	2012 £
Present value of defined benefit obligations	(26,381)	(24,564)
Fair value of scheme assets	24,239	20,285
Surplus/(deficit) in the scheme	(2,142)	(4,279)
Experience adjustments on scheme liabilities Amount (£000)	(173)	(2,958)
Percentage of scheme liabilities (%)	0.7%	12.0%
Experience adjustments on scheme assets Amount (£000)	1,408	2,515
Percentage of scheme assets (%)	5.8%	12.4%

The estimated amounts of contributions expected to be paid to the scheme during the next financial year is £613 thousand (2012: £2,190 thousand).

17. Contingent liabilities

Companies within the group have granted their bankers an omnibus right of set-off within certain other UK Companies up to a maximum of £8,000,000.

18. Operating lease commitments

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2013 Other £'000s	2012 Other £'000s
Lease payments due:		
Within one year	83	74
Within two to five years	88	73
	171	147

19. Related party transactions

The company has taken advantage of the exemption granted by paragraph 8(j) of FRS 101 not to disclose all transactions with wholly-owned Arnam SARL group companies.

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Notes to the financial statements Year ended 31 December 2013

20. Explanation of transition to FRS 101

The differences between UK GAAP and IFRS are outlined below in the reconciliation of the company balance sheets at 31 December 2012 and in the reconciliation of net profit for the year to 31 December 2012.

The following represents the differences relevant to the company from moving from UK GAAP to FRS 101.

a) Defined benefit pension scheme

The effects of transition from FRS17 to IAS19 on the recognition and measurement of the defined benefit pension scheme net liability, deferred tax asset, costs and net interest on the net benefit liability.

b) Other

Other minor profit and loss account reclassifications that have no significant effect on either retained profit or net assets.

Reconciliation of the balance sheet as at 31 December 2011

	Notes	UK GAAP £'000	Effects of transition to FRS 101 £'000	FRS 101 £'000
Fixed assets				
Tangible assets		2,020	-	2,020
Current assets				
Debtors	a	10,631	724	11,355
Cash at bank and in hand		24	-	24
		10,655	724	11,379
Creditors: amounts falling due within one year		(5,517)	-	(5,517)
Net current assets		5,138	724	5,862
Net pension liability	a	(2,174)	(724)	(2,898)
Net assets		4,984	-	4,984
Capital and reserves				
Called up share capital		9	-	9
Profit and loss account		4,975	-	4,975
Shareholder's funds		4,984	-	4,984

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Notes to the financial statements Year ended 31 December 2013

20. Explanation of transition to FRS 101 (continued)

Reconciliation of the balance sheet as at 31 December 2012

	Notes	UK GAAP £'000	Effects of transition to FRS 101 £'000	FRS 101 £'000
Fixed assets				
Tangible assets		2,178	-	2,178
Current assets				
Debtors	a	13,123	698	13,821
Cash at bank and in hand		27	-	27
		<u>13,150</u>	<u>698</u>	<u>13,848</u>
Creditors: amounts falling due within one year		<u>(7,338)</u>	<u>-</u>	<u>(7,338)</u>
Net current assets		<u>5,812</u>	<u>698</u>	<u>6,510</u>
Net pension liability	a	<u>(3,295)</u>	<u>(984)</u>	<u>(4,279)</u>
Net assets		<u>4,695</u>	<u>(286)</u>	<u>4,409</u>
Capital and reserves				
Called up share capital		9	-	9
Profit and loss account	a	<u>4,686</u>	<u>(286)</u>	<u>4,400</u>
Shareholder's funds		<u>4,695</u>	<u>(286)</u>	<u>4,409</u>

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Notes to the financial statements Year ended 31 December 2013

20. Explanation of transition to FRS 101 (continued)

Reconciliation of the profit for the year as at 31 December 2012

	Notes	UK GAAP £'000	Effects of transition to FRS 101 £'000	FRS 101 £'000
Turnover		10,895	-	10,895
Cost of sales		(9,412)	-	(9,412)
Gross profit		1,573		1,573
Administrative expenses	b	(246)	14	(232)
Other operating income		-	-	-
Operating profit		1,327	14	1,341
Interest receivable and similar income		319	-	319
Interest payable and similar charges	a	(64)	(135)	(199)
Profit on ordinary activities before taxation		1,582	(121)	1,461
Tax on profit on ordinary activities	a	(535)	46	(489)
Profit for the financial year		1,047	(75)	972

21. Ultimate parent company

Chanel Limited, a company incorporated in the United Kingdom, is the immediate parent company. Chanel International BV is the smallest group which produces consolidated financial statements that include the results of the company. The consolidated financial statements for Chanel International BV are available from Companies House, Crown Way, Cardiff, CF14 3UZ. The directors regard the company's ultimate parent company and the largest group of which it is a member for which group accounts are drawn up to be Arnam SARL, a company incorporated in Luxembourg. The consolidated financial statements for Arnam SARL are available from Companies House, Crown Way, Cardiff, CF14 3UZ