

Registrar

Company Number: 01969351

AGNÈS B. U.K. LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

TUESDAY



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AGNÈS B. U.K. LIMITED

CONTENTS

	PAGE
COMPANY INFORMATION	1
REPORT OF THE DIRECTOR	2 - 3
AUDITOR'S REPORT	4 - 5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 16

AGNÈS B. U.K. LIMITED
Company Number: 01969351

COMPANY INFORMATION

DIRECTOR

E BOURGOIS

SECRETARY

REED SMITH CORPORATE SERVICES LIMITED

COMPANY NUMBER

01969351

REGISTERED OFFICE

**THE BROADGATE TOWER
THIRD FLOOR
20 PRIMROSE STREET
LONDON
EC2A 2RS**

AUDITORS

**MAZARS LLP
THE ATRIUM
PARK STREET WEST
LUTON
BEDFORDSHIRE
LU1 3BE**

BANKERS

**NATIONAL WESTMINSTER BANK PLC
224 KINGS ROAD
LONDON
SW3 5XJ**

SOLICITORS

**MARTIN SHEPHERD & CO
29 SOUTHBURY ROAD
ENFIELD
MIDDLESEX
EN1 1YZ**

DIRECTOR'S REPORT

The director presents his report and financial statements for the year ended 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements,
- make judgements and 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 responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position for the company and to 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.

DIRECTORS

The following director has held office during the whole of the year from 1 January 2009 to the date of this report unless otherwise stated

E Bourgois

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company Agnès B U K Limited is a fashion ready-to-wear retailer mainly established in London and with a parent company set up in Paris. The brand Agnès b exists worldwide and is represented through more than 10 subsidiaries and 260 shops.

Agnès B U K has suffered from the economic weakness since the 2007 last quarter. Net sales have increased by 3% from 2007 to 2008 and fell by 1% from 2008 to 2009.

The main events in 2009 have been Hampstead closing on the 1st of September and a reorganization of the headquarters implying both a reduction of the corporate office and a staff decrease.

Despite Hampstead closing, discount rate has been stabilized at 17.3% in 2009 compared to 17.8% in 2008. Maintaining a low discount rate plus decreasing the final stock (by reducing purchases) has contributed to a margin rate improvement from 46% in 2008 to 51% in 2009.

The performances are slightly different from one shop to another. One shop has suffered a net sales decrease compared to 2008 of -15%, whilst the other three remaining shops have increased their net sales by between 5% and 11% compared to 2008. Although two shops have reached profitability in 2009, two others are still non-profitable.

Following the trade debt forgiveness at the end of 2009, the parent company has also decided to support Agnès B U K by modifying its global transfer pricing, which will allow Agnès B U K to increase its mark-up on the main product lines and therefore contribute to improve the margin.

Furthermore temporary rent reductions have been negotiated in 2009 for three shops and will strongly impact 2010.

AGNÈS B U K. LIMITED
Company Number: 01969351

DIRECTOR'S REPORT (continued)

RESULTS

The results for the year are set out on page 6

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £2,519 (2008 £3,431)

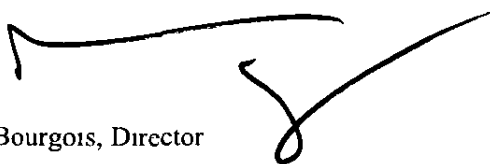
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The director has taken all the necessary steps to make himself aware, as director, of any relevant audit information and to establish that the auditors are aware of that information. As far as the director is aware, there is no relevant audit information of which the company's auditors are unaware.

AUDITORS

There are elective resolutions in force to dispense with the holding of AGMs, the laying of accounts and annual appointment of auditors.

Approved by the Board on
and signed on its behalf by



E Bourgois, Director

June 23rd, 2010

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AGNES B. U.K. LIMITED**

We have audited the financial statements of Agnes B U.K. Limited for the year ended 31 December 2009 which comprise the Profit and Loss account, the Balance sheet, the Cash Flow Statement and related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely for 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the 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 (continued)
TO THE MEMBERS OF AGNÈS B. U.K. LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)
Jacqueline Berry (Senior statutory auditor)

The Atrium
Park Street West
Luton
Bedfordshire
LU1 3BE

Date *24 June 2010*

AGNÈS B. U.K. LIMITED
Company Number: 01969351

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Pre-exceptional 2009 £	Exceptional 2009 £	Total 2009 £	Total 2008 £
TURNOVER	2	3,656,161	-	3,656,161	3,701,425
Cost of sales		(1,807,922)	5,457,195	3,649,273	(1,991,530)
GROSS PROFIT		1,848,239	5,457,195	7,305,434	1,709,895
Distribution costs		(1,127,795)	-	(1,127,795)	(1,250,849)
Administrative expenses		(1,211,729)	(70,000)	(1,281,729)	(1,342,785)
OPERATING PROFIT/(LOSS)	3	(491,285)	5,387,195	4,895,910	(883,739)
Loss on sale of fixed assets	4			(11,293)	(542)
Interest receivable and similar income	5			89,941	9,049
Interest payable and similar charges	6			(316,869)	(590,011)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				4,657,689	(1,465,243)
Tax on profit/(loss) on ordinary activities	8			-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16			4,657,689	(1,465,243)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

AGNÈS B. U.K. LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	9		40,491		105,256
Current assets					
Stocks	10	510,186		785,498	
Debtors	11	226,672		236,058	
Cash at bank and in hand		483,677		321,284	
		<u>1,220,535</u>		<u>1,342,840</u>	
Creditors: amounts falling due within one year	12	<u>(657,406)</u>		<u>(5,492,248)</u>	
Net current assets/(liabilities)			<u>563,129</u>		<u>(4,149,408)</u>
Total assets less current liabilities			<u>603,620</u>		<u>(4,044,152)</u>
Creditors: amounts falling due after more than one year	13		<u>(26,208)</u>		<u>(36,125)</u>
			<u>577,412</u>		<u>(4,080,277)</u>
Capital and reserves					
Share capital	15		500,000		500,000
Profit and loss account	16		77,412		(4,580,277)
Shareholders' funds/(deficit)	17		<u>577,412</u>		<u>(4,080,277)</u>

Approved by the Board on
and signed on its behalf by

E Bourgois, Director

June 23rd, 2010

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	£	2009 £	£	2008 £
Net cash inflow from operating activities	18		285,069		630,818
Returns on investments and servicing of finance					
Interest received		89,941		9,049	
Interest paid		(2,854)		(357,568)	
Net cash inflow/(outflow) for returns on investments and servicing of finance			87,087		(348,519)
Taxation					-
Capital expenditure and financial investment					
Payments to acquire tangible assets		-		(88,531)	
Receipt from sale of fixed assets		-		-	
Net cash outflow for capital expenditure and financial investment			-		(88,531)
Net cash inflow before financing					193,768
Financing					
Decrease in other loans		(209,763)		(250,000)	
Net cash outflow for financing			(209,763)		(250,000)
Increase/(decrease) in cash in the year			163,393		(56,232)
Reconciliation of net cash flow to movement in net funds	19				
Increase/(decrease) in cash in the year			162,393		(56,232)
Movement in other loans			209,763		250,000
Translation difference			-		(105,133)
Change in net debt			372,156		88,635
Net funds at 1 January			111,521		22,886
Net funds at 31 December			483,677		111,521

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Going concern

The immediate parent company, CMC Agnes B SA, has indicated its willingness to provide support to Agnès B U K Limited for the year ending 31 December 2010 so as to enable it to operate for the best interests of the group in the current global economic context. The parent's commitment to the sustainable future of the company is further demonstrated by the significant debt forgiveness during 2009. Despite a challenging start to the year, the directors further that, through a combination of a streamlined cost base and a forecast increase in turnover during 2010, the company will have sufficient funds to meet its liabilities as they fall due for a period of not less than twelve months from the date of approval of these financial statements. The financial statements are therefore prepared on a going concern basis.

(c) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	- over the lower of the lease term or useful economic life
Fixtures, fittings & equipment	- over 4 years
Computer equipment	- over 3 years

Impairments are assessed, where value-in-use does not support the net book amounts before any such impairments, as the higher of value-in-use and estimated recoverable amounts on the sale of such assets. Where such assets are not readily removable from the leasehold property, recoverable amounts are assumed to be the leasehold premiums that would be available in the event of the sale of the lease based on latest reliable information.

(e) Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

(f) Stocks

Stocks consist of finished goods held for resale. Stock is valued at the lower of cost and net realisable value.

(g) Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

(h) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(i) Foreign currency translation

Stock is purchased from the parent company at a fixed exchange rate. Liabilities expressed in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. Differences arising on the translation of such items is dealt with in the profit and loss account.

2 TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 OPERATING PROFIT/(LOSS)	2009	2008
	£	£
Operating profit/(loss) is stated after charging		
Depreciation of tangible assets	53,473	71,623
Wages and salaries	855,633	879,016
Operating lease rentals - property	677,885	656,663
Auditors' remuneration		
- audit fees	14,800	14,800
- non-audit fees		
- corporation tax compliance and advice	5,475	5,475
- payroll services	3,886	1,500
- HR compliance and advice	1,875	-
Exceptional credit for forgiveness of trade debt due to parent company	(5,457,195)	-
Exceptional charge for surrender of lease – early termination charge	70,000	-
	<u> </u>	<u> </u>

4 LOSS ON SALE OF FIXED ASSETS

The loss on sale of fixed assets in 2008 related to the closure of the Oxford store.

The loss on sale of fixed assets in 2009 related to the closure of the Hampstead store.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

5	INTEREST RECEIVABLE AND SIMILAR INCOME	2009	2008
		£	£
	Bank interest received	-	9,049
	Gain on foreign exchange retranslation of amounts owed to group undertakings	89,941	-
		<u>89,941</u>	<u>9,049</u>

6	INTEREST PAYABLE AND SIMILAR CHARGES	2009	2008
		£	£
	Interest payable on non-intercompany debt	1,250	-
	Interest payable to parent undertaking	315,619	258,862
	Loss on foreign exchange retranslation of amounts owed to group undertakings	-	331,149
		<u>316,869</u>	<u>590,011</u>

7 EMPLOYEES

Number of employees

The average monthly number of employees (including directors) during the year was

	2009	2008
	Number	Number
Employees	53	62

Employment costs

	£	£
Wages and salaries	785,675	801,528
Social security costs	63,699	70,928
Other pension costs	6,259	6,560
	<u>855,633</u>	<u>879,016</u>

No director received emoluments through the company in either year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES	2009	2008
	£	£
Current taxation		
UK Corporation tax charge for the year	-	-
Adjustments in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax	-	-
Deferred tax		
Origination and reversal of timing difference	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

The rate of tax for the year based on the UK normal rate of corporation tax is 28.5% (2008 UK normal rate of 28.5%). The actual tax charge for the current and the previous year varies from these rates for the reasons set out in the following reconciliation

	2009	2008
	£	£
Profit/(loss) on ordinary activities before tax	4,657,689	(1,465,243)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities at 28% (2008 28.5%)	1,304,153	(417,554)
Factors affecting charge for the year:		
Accelerated capital allowances	5,627	1,892
Expenses not deductible for tax purposes	2,962	174,822
Income not taxable	(1,444,365)	-
Unutilised tax losses	131,623	240,840
	<hr/>	<hr/>
Total actual amount of current tax	-	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

9 TANGIBLE FIXED ASSETS	Land and buildings leasehold £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 January 2009	702,391	496,939	158,672	1,358,002
Additions	-	-	-	-
Disposals	(149,232)	(109,423)	(51,196)	(309,851)
	<u>553,159</u>	<u>387,516</u>	<u>107,476</u>	<u>1,048,151</u>
At 31 December 2009				
Depreciation				
At 1 January 2009	653,927	445,164	153,655	1,252,746
Charge for the year	21,938	29,709	1,826	53,473
Disposals	(138,492)	(109,099)	(50,968)	(298,559)
	<u>537,373</u>	<u>365,774</u>	<u>104,513</u>	<u>1,007,660</u>
At 31 December 2009				
Net book amount				
At 31 December 2009	<u>15,786</u>	<u>21,742</u>	<u>2,963</u>	<u>40,491</u>
At 31 December 2008	<u>48,464</u>	<u>51,775</u>	<u>5,017</u>	<u>105,256</u>

10 STOCKS	2009 £	2008 £
Finished goods and goods for resale	<u>510,186</u>	<u>785,498</u>

11 DEBTORS	2009 £	2008 £
Trade debtors	44,145	-
Amounts owed by group undertakings	4,582	159
Other debtors	24,732	22,888
Prepayments and accrued income	153,213	213,011
	<u>226,672</u>	<u>236,058</u>

Other debtors principally comprises rent deposits falling due after more than one year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2009 £	2008 £
Trade creditors	37,438	34,114
Amounts owed to group undertakings	314,494	4,909,553
Other loans (note 22)	-	209,763
Other taxes and social security costs	108,775	128,551
Other creditors	125,640	121,002
Accruals and deferred income	44,206	59,438
Amounts owed to related party	26,853	29,827
	<u>657,406</u>	<u>5,492,248</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2009 £	2008 £
Accruals and deferred income	<u>26,208</u>	<u>36,125</u>

14 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

Deferred taxation consists of assets recognised and those not recognised in the accounts. The assets have been calculated at the normal company tax rate of 28% (2008 normal company tax rate of 28%).

	Asset not recognised 2009 £	2008 £
Unutilised tax losses	1,316,931	1,185,308
Depreciation in excess of capital allowances	29,103	23,476
	<u>1,346,034</u>	<u>1,208,784</u>

15 SHARE CAPITAL	2009 £	2008 £
Authorised		
800,000 Ordinary shares of £1 each	<u>800,000</u>	<u>800,000</u>
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

16 STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT	Profit and loss account £
Balance at 1 January 2009	(4,580,277)
Profit for the financial year	4,657,689
	<hr/>
Balance at 31 December 2009	77,412
	<hr/> <hr/>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT)	2009 £	2008 £
Profit/(loss) for the financial year	4,657,689	(1,465,243)
	<hr/>	<hr/>
Net increase to shareholders' funds/(deficit)	4,657,689	(1,465,243)
Opening shareholders' deficit	(4,080,277)	(2,615,034)
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	577,412	(4,080,277)
	<hr/> <hr/>	<hr/> <hr/>

18 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2009 £	2008 £
Operating profit/(loss)	4,895,910	(883,739)
Depreciation of tangible assets	53,473	71,623
Exceptional debt forgiveness	(5,457,195)	-
Decrease/(increase) in stocks	275,312	(73,509)
Decrease/(increase) in debtors	9,386	(537)
Increase in creditors	508,183	1,516,980
	<hr/>	<hr/>
Net cash inflow from operating activities	285,069	630,818
	<hr/> <hr/>	<hr/> <hr/>

19 ANALYSIS OF NET FUNDS	1 January 2009 £	Cash flow £	31 December 2009 £
Cash at bank and in hand	321,284	162,393	483,677
Debt due within one year	(209,763)	209,763	-
	<hr/>	<hr/>	<hr/>
Net funds	111,521	372,156	483,677
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

20 PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,259 (2008: £6,560) during the year. Contributions totalling £nil (2008: £nil) were payable to the fund at the year end and are included in creditors.

21 FINANCIAL COMMITMENTS

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2009	2008
	£	£
Expiry date		
Within one year	38,144	130,000
In the second to fifth years	308,820	567,376
In over five years	60,000	60,000
	<hr/>	<hr/>
	406,964	757,376
	<hr/>	<hr/>

22 RELATED PARTY TRANSACTIONS

During the year, royalties totalling £110,637 (2008: £113,782) were payable to Mrs A Trouble in accordance with a contract signed between Mrs Trouble and Agnes b U K Limited on 1 October 1997. A creditor of £26,853 existed at 31 December 2009 (2008: creditor of £29,827).

Other loans (refer note 12) comprised of a loan made to Agnes b U K Limited on 1 October 2003 from CMC Agnes B SA. The loan was repayable in equal annual instalments commencing 30 November 2004 with the balance fully paid by December 2009.

Agnes b U K Limited has taken advantage of the exemptions conferred by Financial Reporting Standard 8 from the requirements to make full disclosures concerning related parties within the group.

23 CONTINGENT LIABILITIES

The 2005 and 2006 debt forgiveness agreements with Mrs Trouble (total amount of £166,270), as well as a 2004 debt forgiveness agreement from a group undertaking amounting to £1,449,215, include a reinstatement clause in the event of an improved financial situation. The directors believe that such improvement is not probable in the foreseeable future.

The 2009 debt forgiveness contains no such reinstatement clause.

24 CONTROL

The directors consider Pyramides SA, a company incorporated in France, to be the ultimate parent company. Mrs Agnes Trouble is the controlling shareholder of Pyramides SA. Pyramides SA produces group accounts for the largest and smallest group of which the company is a member. Group accounts are available from Companies' House in Paris, France at 1 quai de la Corse, 75181 Paris, Cedex 04.