4212094

FRED Londres Limited

Report and Accounts

31 December 2004

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COMPANIES HOUSE 05/08/2006

Registered No: 04212094

Director
P Pascal

Secretary
Castlegate Secretaries Limited

Solicitors
Brown Jacobson
Aldwych House
81 Aldwych Road
London
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Auditors
Ernst & Young LLP
100 Barbirolli Square
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M2 3EY

Bankers
National Westminster Bank plc
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Regents House
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Registered Office
174 New Bond Street
London
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Directors' report

The directors present their report and accounts for the year ended 31 December 2004.

Results and dividends

The loss for the year amounted to £384,028 (2003: £555,190).The directors do not recommend the payment of any dividends. The company continues to enjoy the support of its immediate parent.

Principal activities and review of the business

The principal activity of the company during the year was the sale of watches and jewellery.

The financial position reflects the results of a low level of activity. The company continues to enjoy the support of its immediate parent company. The parent company subscribed for an additional 3.5 million £1 ordinary shares at par value on 5 August 2005 as an indication of its ongoing support for the company.

Directors and their interests

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

D Arnault	(deceased 01 March 2006)
J H Pouret	(resigned 31 March 2005)
P Pascal	(appointed 27 February 2006)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

P Pascal
Director
31 July 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. 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 auditors' report
to the members of Fred Londres Limited

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with United Kingdom Auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Manchester
4 August 2006

Profit and loss account

for the year ended 31 December 2004

	Notes	*Year ended 31 December 2004* £	*Year ended 31 December 2003* £
Turnover	2	1,095,442	499,892
Cost of sales		(597,816)	(250,120)
Gross profit		497,626	249,772
Distribution costs		(44,399)	(110,103)
Administrative expenses		(882,683)	(848,370)
Other operating income		81,533	66,653
Operating loss	3	(347,923)	(642,048)
Interest payable	5	(186,124)	(120,699)
Loss on ordinary activities before taxation		(534,047)	(762,747)
Tax on loss on ordinary activities	6	-	207,557
Loss for the financial period		(534,047)	(555,190)

Statement of total recognised gains and losses

There are no recognised gains or losses other than as disclosed in the profit and loss account above.

Balance sheet
at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	7	882,116	1,023,816
Current assets			
Stocks	8	215	195
Debtors	9	709,037	639,450
Cash at bank and in hand		-	24,704
		709,252	664,349
Creditors: amounts falling due within one year	10	(4,167,995)	(3,730,745)
Net current liabilities		(3,458,743)	(3,066,396)
Total assets less current liabilities		(2,576,627)	(2,042,580)
Capital and reserves			
Called up share capital	12	50,000	50,000
Profit and loss account	13	(2,626,627)	(2,092,580)
Equity shareholder's deficit	13	(2,576,627)	(2,042,580)

Approved by the Board on 31 July 2006

P Pascal
Director

Notes to the accounts

at 31 December 2004

1. Accounting policies

Basis of preparation

The accounts are prepared in accordance with the historical cost convention. The balance sheet shows that the company has net current liabilities and net liabilities. The company has the continued support of the ultimate parent undertaking as noted in the directors' report, and as such the accounts have been prepared on a going concern basis.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement on the grounds that the company is wholly owned and its ultimate parent undertaking publishes a consolidated cash flow statement.

Related parties transactions

The company is a wholly owned subsidiary of LVMH Moet Hennessy Louis Vuitton SA, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Equipment - 20% straight line
Leasehold improvements – over the period of the lease
Leasehold property is amortised over the period of the lease

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Notes to the accounts
at 31 December 2004

Pension costs
The staff and employees of the company are eligible to be members of a defined contribution pension scheme. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

2. Turnover
The turnover of the company is wholly attributable to the principal activity and arose entirely within the United Kingdom.

3. Operating loss
This is stated after charging:

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Operating lease – land and buildings	283,400	283,400
Depreciation	141,700	146,131
Impairment of fixed assets	-	4,431
Auditors' remuneration – audit services	6,000	6,000

4. Staff costs and directors' emoluments

	2004 £	*2003 £*
Wages and salaries	211,307	199,256
Social security costs	19,093	21,583
Staff pension contributions	12,323	15,282
	242,723	236,121

The directors received no remuneration from the company.

The monthly average number of employees during the year was as follows:

	2004 No.	*2003 No.*
Sales	4	4

A fellow subsidiary company operates a defined contribution pension scheme in respect of the employees. The assets of the scheme are held separately from those of the fellow subsidiary company in independently administered funds. The pension cost charge represents contributions to the funds payable by the company under the rules of the scheme. The total charge for the year amounted to £12,323 (2003: £15,282)

5. Interest payable

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Bank interest payable	186,124	120,699

Notes to the accounts
at 31 December 2004

6. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities
The tax credit is made up as follows:

	Year ended 31 December 2004	*Year ended 31 December 2003*
	£	*£*
Current tax:		
Payment received for group relief	-	207,557
Adjustment in respect of prior period group relief	-	-
Total current tax (note 6(b))	-	207,557

(b) Factors affecting current tax charge
The tax assessed on the loss on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are reconciled below:

	Year ended 31 December 2004	*Year ended 31 December 2003*
	£	*£*
Loss on ordinary activities before taxation	(534,047)	(762,747)
Loss multiplied by standard rate of corporation tax	(160,214)	(228,824)
Effect of:		
Expenses not deductible for tax purposes	36,625	56,204
Capital allowances in excess of depreciation	(26,430)	(35,111)
Utilisation of tax losses	-	172
Adjustment in respect of previous periods	-	2
Group relief for nil consideration	150,019	
Total current tax (note 6(a))	-	(207,557)

(c) Deferred tax
The deferred tax asset not recognised in the accounts is as follows:

	Year ended 31 December 2004	*Year ended 31 December 2003*
	£	*£*
Capital allowances in advance of depreciation	79,000	105,000
Losses	13,000	13,000
	92,000	118,000

Notes to the accounts
at 31 December 2004

7. Tangible fixed assets

	Land and Buildings Leasehold Property	Leasehold Improvements	Equipment	Fixtures & Fittings	Total
	£	£	£	£	£
Cost:					
At 1 January 2004	1,416,995	623,961	6,828	16,053	2,063,837
Additions	-	-	-	-	-
At 31 December 2004	1,416,995	623,961	6,828	16,053	2,063,837
Depreciation:					
At 1 January 2004	393,179	623,961	6,828	16,053	1,040,021
Charged during the year	141,700	-	-	-	141,700
At 31 December 2004	534,879	623,961	6,828	16,053	1,181,721
Net book value:					
At 31 December 2004	882,116	-	-	-	882,116
At 31 December 2003	1,023,816	-	-	-	1,023,816

8. Stocks

	2004	2003
	£	£
Finished goods	215	195

9. Debtors

	2004	2003
	£	£
Trade debtors	12,088	21,156
Amounts owed by group undertakings	532,493	490,446
Other debtors	12,113	28,959
Prepayments and accrued income	74,869	77,565
Other taxation and social security	77,474	21,324
	709,037	639,450

10. Creditors: amounts falling due within one year

	2004	2003
	£	£
Bank overdraft	2,079	-
Trade creditors	4,000	104,115
Amounts owed to group undertakings	4,058,620	3,542,870
Accruals and deferred income	96,696	83,760
Other taxes and social security	6,600	-
	4,167,995	3,730,745

Notes to the accounts
at 31 December 2004

11. Operating lease commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	2004 Land and buildings	*2003 Land and buildings*
	£	£
Leases which expire:		
After 5 years	300,000	300,000

12. Share capital

	2004	*2003*
	£	£
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and paid		
50,000 ordinary shares of £1 each	50,000	50,000

13. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	£	£
At 1 January 2003	50,000	(1,537,390)	(1,487,390)
Loss for the period	-	(555,190)	(555,190)
At 1 January 2004	50,000	(2,092,580)	(2,042,580)
Loss for the period	-	(534,047)	(384,028)
At 31 December 2004	50,000	(2,626,627)	(2,576,627)

14. Ultimate parent undertaking

The directors regard FRED Holding SA, a company registered in France as the immediate parent company. According to the register held by the company, FRED Holding SA has a 100% interest in the equity capital of FRED Londres Limited at 31 December 2004.

In the directors' opinion the company's ultimate parent undertaking and ultimate controlling party at the balance sheet date was LVMH Moet Hennessy Louis Vuitton SA ("LVMH"), a company registered in France. LVMH is the largest and smallest undertaking for which group accounts are prepared. Copies of the accounts can be obtained from 30 Avenue Hoche, 75008 Paris, France.

15. Post balance sheet events

On 5 August 2005, a resolution was passed to increase the Authorised Share Capital from £50,000 to £3,550,000 by the creation of 3,500,000 £1 ordinary shares ranking pari passu in all respects with the existing ordinary shares. On the same date 3,500,000 ordinary shares were subscribed for at par value for cash.