Registered No 5758084

Liberty of London Limited

Directors' Report and Accounts

For the 57 week period ended

2 February 2013

CONTENTS

DIRECTORS' REPORT
For the 57 week period ended 2 February 2013

Introduction

The Dırectors present theır report and the audıted accounts for the year 57 week penod ended 2 February 2013

Directors and Directors' Interests

The Dırectors who held office dunng the year were.

Paul Harns
Marco Capello
Emılıo Dı Spıezıo Sardo
Marco Anatnello
Vıshesh Snvastava

None of the Dırectors have any ınterests ın the share capıtal of the Company

All of the Dırectors are also Dırectors of the ımmedıate parent company, Lıberty Lımıted None of the Dırectors have any ınterests ın the share capıtal of the ımmedıate parent company

Principal Activities

The pnncıpal actıvıtıes of the Company are the focus and development of an ınternatıonally dıstnbuted luxury goods brand and retaılıng of thıs brand ın the Lıberty flagshıp retaıl store sıtuated ın Great Marlborough Street, London

Business Review & principle risks

The Company is a wholly owned subsidiary of Liberty Limited Led by a committed and experienced management team, the Company wholesales to approximately 100 worldwide retailers and has an established presence within the Tudor building on Great Marlborough Street

The Company is dependent upon its ability to interpret and offer fashion products that consumers wish to purchase The Liberty of London business is susceptible to industry change Failure to be successful in this area of activity, particularly noting the long lead times before product is available for sale in the store, would cause an adverse impact on the Company's revenues and profitability. If there was a failure to sustain the appeal of Liberty's brands to its customers, this could have an adverse impact on the Company's revenues and resultant shareholder value In addition, the value of Liberty's brands is influenced by a number of external factors including consumer preference and perceptions The Company is focused on service delivery to ensure that the product provided matches customer preferences Controls are in place to help ensure adherence to all legislative aspects affecting the business and experienced Executives manage these important areas of the Company

For the 57 week period ended 2 February 2013, revenue continued to improve over the previous year and operating margins were enhanced. The results achieved for the year are set out on page 7 of the financial statements

The Directors use a number of KPI's which they consider are effective in measuring delivery of their strategy, and which assist in the management of the business They assess store performance by monitoring changes in sales, margins and profitability The main measure of profitability is EBITDA (earnings before interest, tax, depreciation and amortisation)

For the 57 week period ended 2 February 2013, turnover has increased by 76% and the gross profit margin has declined slightly to 28% from 34%

During the period the accounting reference date of the company was changed to the Saturday closest to the 31 January from the 31 December. Accordingly these financial statements have been prepared for the 57 week period ending 2 February 2013 The impact of the additional 5 weeks has been to increase sales by £ 279,000 and operating loss by £ 108,000

Payment policy for creditors

The Company's policy is to use its purchasing power fairly, and wherever possible to pay in accordance with terms agreed with suppliers The Company agrees payment terms with suppliers when it orders items or commits expenditure. It is the Company's policy to make payments for purchases on a timely basis, provided that the relevant invoice is presented to the Company in a timely fashion and is complete. It seeks to adhere to these arrangements, providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions Amounts due to creditors of the Company are paid on average within 39 days (2011. 63 days) from receipt of invoice

DIRECTORS' REPORT (continued)
For the 57 week period ended 2 February 2013

Dividends

The Dırectors do not recommend the payment of an ordınary dıvıdend (2011 £nıl).

Disclosure of information to auditors

The dırectors who held office at the date of approval of thıs dırectors' report confirm that, so far as they are each aware, there ıs no relevant audıt ınformatıon of whıch the Company's audıtor ıs unaware, and each dırector has taken all the steps that he ought to have taken as a dırector to make hımself aware of any relevant audıt ınformatıon and to establısh that the Company's audıtor ıs aware of that ınformatıon

Auditors

Pursuant to Sectıon 487 of the Companıes Act 2006, the audıtor wıll be deemed to be reappoınted and KPMG LLP wıll therefore contınue ın office

By order of the Board

P. Harris
Dırector
179 Great Portland Street
London W1W 5LS

20 September 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 period Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY OF LONDON LTD

We have audited the financial statements of Liberty of London Ltd for the 57 week period ended 2 February 2013 set out on pages 7 to 14 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 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, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

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 2 February 2013 and of its loss for the 57 week period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY OF LONDON LTD (CONTINUED)

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

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.

Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP Statutory Auditor
Chartered Accountants
15 Canada Square,
London,
E14 5GL

20 September 2013

PROFIT AND LOSS ACCOUNT
for the 57 week period ended 2 February 2013

	Notes	57 week period ended 2 February 2013 £'000	52 week period ended 31 December 2011 £'000
Turnover		**2,425**	1,376
Cost of Sales		**(1,743)**	(903)
Gross profit		**682**	473
Selling and distribution costs		**(1,583)**	(812)
Administrative expenses		**(135)**	2
Other operating income		**106**	-
Loss on ordinary activities before taxation	3	**(930)**	(337)
Finance expenses		**(24)**	-
Loss on ordinary activities before taxation		**(954)**	(337)
Taxation on loss on ordinary activities	4	-	-
Loss for the financial year		**(954)**	(337)

The Company has no recognised gains or losses other than the losses stated above and therefore no separate Statement of Total Recognised Gains and Losses has been prepared

There is no material difference between the loss for the year and its historical cost equivalent

All operations are continuing

The notes on pages 9 to 14 form part of these financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS / (DEFICIT)
for the 57 week period ended 2 February 2013

	57 week period ended 2 February 2013 £'000	52 week period ended 31 December 2011 £'000
Opening shareholders' (deficit) /funds	**(203)**	134
Loss for the financial year	**(954)**	(337)
Closing shareholders' (deficit)	**(1,157)**	(203)

The notes on pages 9 to 14 form part of these financial statements

BALANCE SHEET
as at 2 February 2013

	Notes	2 February 2013 £'000	31 December 2011 £'000
Fixed assets			
Tangible assets	5	**66**	79
Current Assets			
Stocks	6	**594**	217
Debtors	7	**1,591**	431
Current Liabilities			
Creditors	8	**(3,408)**	(930)
Net current liabilities		**(1,223)**	(282)
Net (Liabilities)		**(1,157)**	(203)
Capital and reserves			
Called up share capital	9	**13,360**	13,360
Profit and loss account	10	**(14,517)**	(13,563)
Equity shareholders' (deficit)		**(1,157)**	(203)

Notes on pages 9 to 14 form part of these financial statements

Approved by the Board of Directors on 20 September 2013 and signed on its behalf by -

P. Harris
Director

1. ACCOUNTING POLICIES

The followıng accountıng polıcıes have been applıed consıstently ın dealıng wıth ıtems whıch are consıdered materıal to the accounts.

Basis of preparation

The financıal statements have been prepared ın accordance wıth applıcable accountıng standards, and under the hıstorıcal cost conventıon

The Company ıs exempt by vırtue of s400 of the Companıes Act 2006 from the requırement to prepare group financıal statements These financıal statements present ınformatıon about the Company as an ındıvıdual undertakıng and not about ıts group

Under FRS 1 the Company ıs exempt from the requırement to prepare a cash flow statement on the grounds that the parent undertakıng ıncludes the Company ın ıts own publıshed consolıdated financıal statements.

As the Company ıs a wholly owned subsıdıary of BlueGem Alpha Ltd, the Company has taken advantage of the exemptıon contaıned ın FRS 8 and has therefore not dısclosed transactıons or balances wıth wholly owned subsıdıarıes whıch form part of the group

The consolıdated financıal statements of BlueGem Alpha Ltd, wıthın whıch thıs Company ıs ıncluded, can be obtaıned from the address gıven ın note 11

The Company ıs part of the BlueGem Alpha Ltd Group of companıes (the "Group") Treasury management ıs undertaken on a Group basıs rather than at an ındıvıdual company level and the Company ıs dependent for ıts workıng capıtal on access to funds formıng part of those facılıtıes

The financıal statements have been prepared on a goıng concern basıs ın vıew of the fact the parent undertakıng BlueGem Alpha Lımıted has formally ındıcated that ıt ıs ıts present ıntentıon to provıde suffıcıent fundıng to the Company to enable ıt to meet ıts lıabılıtıes as they fall due, for at least the next twelve months

The dırectors have no reason to belıeve that the parent company wıll not be ın a posıtıon to provıde the support referred to above and, accordıngly, they have prepared the financıal statements on a goıng concern basıs

Durıng December 2011 the Company opened an On-Demand Multı Optıon Facılıty wıth Barclays Bank Plc ("BBPLC") ın order to assıst wıth the troughs seen ın workıng capıtal throughout the Lıberty Group The facılıty allows a maxımum lıabılıty wıth BBPLC of £5 0m together wıth Lıberty Fabrıc Lımıted and Lıberty Retaıl Lımıted Funds may be drawn ın Sterlıng, Euros, US Dollars and Japanese Yen. Interest accrues on any ındebtedness wıth BBPLC at 3 0% per annum

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of staff discounts and the costs of loyalty scheme rewards and is stated net of value added tax and other sales-related taxes Turnover on Flagship store sales of goods and commission on concession sales are recognised when goods are sold to the customer. Internet sales are recognised when the goods are delivered to the customer. Turnover from gift vouchers, gift cards and gift coins sold are recognised on redemption of the gift voucher, gift card or gift coin It is the Company's policy to sell its products to the end customer with a right of return. Accumulated experience is used to consider the need for a provision for such returns on an annual basis

Tangible fixed assets

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, over the following periods -

Fixtures and equipment	5 to 10 years

Stocks

Stocks are stated at the lower of cost and estimated net realisable value Provisions against book values are recorded principally by reference to the age of stock

Corporation tax and deferred taxation

The charge for taxation is based on the result for the year, which takes account of taxation deferred because of timing differences between the treatment of certain items for taxation purposes and the treatment under the Company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date, that may give rise to an obligation to pay more or less tax in the future Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence it can be regarded as 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 a non-discounted basis

2. STAFF NUMBERS AND COSTS (INCLUDING DIRECTORS' REMUNERATION)

All staff are employed and paid by the Company's fellow subsidiary, Liberty Retail Ltd, and their costs are recharged to the Company

The Directors were paid no fees or emoluments by the Company for their qualifying services received during the period (2011· £nil)

The average full time equivalent number of staff employed by the Company, excluding executive directors, during the year was

	2 February 2013 £'000	31 December 2011 £'000
Selling and distribution	**4**	1
Administration	**10**	6
	14	7

The payroll cost of the Company was as follows.

	57 week period ended 2 February 2013 £'000	52 week period ended 31 December 2011 £'000
Wages and salaries	**886**	319
Social security costs	**100**	27
Pension costs	**13**	7
	999	353

3. LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

	57 week period ended 2 February 2013 £'000	52 week period ended 31 December 2011 £'000
Loss on ordinary activities before taxation is stated after charging the following		
Depreciation	**59**	195

Audit fees continue to be borne by Liberty Retail Limited

4. TAXATION ON LOSS ON ORDINARY ACTIVITIES

The current tax for the year is lower (2011· lower) than the standard rate of corporation tax in the UK of 24 45% (2010 26 5%) The differences are explained below.

	57 week period ended 2 February 2013 £'000	52 week period ended 31 December 2011 £'000
Loss on ordinary activities before tax	**(954)**	(337)
Loss on ordinary activities multiplied by the standard rate in the UK 24 45% (2011. 26 5%)	**(233)**	(89)
Effects of		
Expenses not deductible for taxation purposes	-	-
Excess of depreciation over capital allowances	**(31)**	(8)
Group relief available to other companies for no consideration	**264**	97
Current taxation charge	-	-

The main rate of UK corporation tax reduced from 26% to 24% with effect from 1 April 2012. Legislation to further reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013 was included in the Finance Act 2012 The 23% rate became substantively enacted on the 3 July 2012, and therefore the effect of the rate reduction on the recognized and unrecognized deferred tax balances as at 2 February 2013 has been included in these financial statements

The Chancellor proposed further changes on the 5 December 2012 and 20 March respectively to further reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015, these changes have not yet been substantively enacted and therefore the effect is not considered in these financial statements. There is no overall effect from a reduction from 23% to 20% on these financial statements

The company has an unrecognised deferred tax asset at 23% (2011. 25%) of £1,086,535 (2011 £1,213,373) This asset is in respect of timing differences arising on capital allowances and carried forward trading losses

No deferred tax asset has been recognised in the financial statements of the company as it's not certain when such an asset would be realisable in the foreseeable future

NOTES TO THE ACCOUNTS

5. TANGIBLE FIXED ASSETS

	Fixtures & equipment £'000
Cost	
At 1 January 2012	1,129
Additions	46
At 2 February 2013	**1,175**
Depreciation	
At 1 January 2012	(1,050)
Charge for period	(59)
At 2 February 2013	**(1,109)**
Net Book Value at 2 February 2013	**66**
Net Book Value at 31 December 2011	79

6. STOCKS

	2 February 2013 £'000	31 December 2011 £'000
Work in progress	**88**	83
Finished goods	**506**	134
	594	217

7. DEBTORS

	2 February 2013 £'000	31 December 2011 £'000
Trade debtors	**190**	47
Amounts due from fellow subsidiary undertakings	**1,324**	352
Prepayments and accrued income	**77**	32
	1,591	431

NOTES TO THE ACCOUNTS

8. CREDITORS

	2 February 2013 £'000	31 December 2011 £'000
Bank Overdraft	**1,187**	167
Trade creditors	**778**	96
Amounts due to fellow group undertakings	**1,316**	601
Accruals and deferred income	**127**	66
	3,408	930

9. SHARE CAPITAL

	2 February 2013 £'000	31 December 2011 £'000
Allotted, called up and fully paid 13,360,002 ordinary shares of £1 each (2011 13,360,002)	**13,360**	13,360

10. RESERVES

	Profit & Loss Account £'000
At 1 January 2012	(13,563)
Profit for the financial year	(954)
At 2 February 2013	**(14,517)**

11. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent company is Liberty Limited, a company registered in England and Wales

The Company's ultimate parent company is BlueGem Alpha Limited, a company registered in England and Wales and owned by BlueGem LP

The largest and smallest group in which the results of the Company are consolidated is that headed by BlueGem Alpha Limited The consolidated financial statements of this group are available to the public and may be obtained from 16 Berkeley Street, London, W1J 8DZ