LVMH FG SERVICES UK LIMITED

Annual Report and financial statements

for the year ended 31 December 2015

Company Registration No. 06615345 (England and Wales)

LVMH FG SERVICES UK LIMITED

Officers and Professional Advisors

Directors

M Gobbetti
F X Figon

Company secretary

Castlegate Secretaries Limited

Bankers

Barclays Bank PLC
28th floor
1 Churchill Place
London
E14 5HP

Solicitors

Browne Jacobson LLP
6 Bevis Marks
Bury Court
London
EC3A 7BA

Registered office

15th floor
6 Bevis Marks
Bury Court
London
EC3A 7BA

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

LVMH FG SERVICES UK LIMITED

LVMH FG SERVICES UK LIMITED

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The Company incorporated in the UK, is a wholly-owned subsidiary of LVMH Fashion Group Services SAS, part of LVMH Moët Hennessy Louis-Vuitton S.A.

The principal activity of the Company is that of design and consultancy to companies within the LVMH group.

Review of the business

In a challenging economic climate, the Company continued to see increased demand for its design activites as a result of increased brand awareness across the wider LVMH group.

The Company will continue through 2016 to support the other group companies to launch new collections, while at the same time continue to strictly control its costs.

The net income of the business in the year decreased by 14% from £762k in 2014 to £655k in 2015 due to an increase in administration and distribution costs.

The cash position of the business remained the same in 2014 and 2015 at £3k. There were no significant inflows and outflows during the year other than operational.

The balance sheet on page 8 of the financial statements shows that the Company's financial position at the year end has, in net assets terms, increased by 30.8% from £2,125k in 2014 to £2,780k in 2015.

Key performance indicators

The key performance indicators used by the Company's management to analyse development, performance and position of the Company's business are administrative expenses and creditors.

Administrative expenses increased by 50.5% from £14,937k in 2014 to £22,476k in 2015 as a result of the increase in design activities during the year.

Principal risks and uncertainties

The key commercial risks relate to the evolution of competitor's brand positioning in the market place and retail dynamic of competitors in the fashion and leather goods segment. The Company manages this risk by providing added value services to its customers, building and maintaining strong customer relationships.

The condition or strength of the retail market also represents a key risk, with interest rates and other economic and fiscal drivers influencing consumer spending.

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risk the directors consider relevant to the Company is liquidity risk.

Strategic report (continued)

Liquidity risk

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations, the Company participates in a cash pooling arrangement with its bankers and LVMH Moët Hennessy-Louis Vuitton SA as part of a group arrangement to rationalise management of funds and financial requirements in the UK.

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the directors do not consider any of these risks to be significant.

Future developments

The directors expect the general level of activity to increase in the forthcoming year. This is as a result of continuing to create beautiful products with our creative director.

Approved by the Board and signed on its behalf by:

Marco Gobbetti

Marco Gobbetti
Director
16/09/ 2016

LVMH FG SERVICES UK LIMITED

Directors' report

The directors present the report and financial statements for the year ended 31 December 2015.

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic report which otherwise would be required to be disclosed in the Director's report including future developments and principal risks and uncertainties.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing these annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Research and development

During 2015 the company spend £413k on projects to develop new ready to wear and leather goods products which were continued according to plan (2014: £934k).

Dividends

No dividends were paid during the year 2015 (2014: £nil).

Directors

The directors, who served throughout the year were as follows:

Marco Gobbetti
Francois-Xavier Figon

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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Auditor's qualification of the financial statements

The auditors have issued a qualified audit opinion in relation to accruals falling due after one year as the directors were unable to obtain sufficient information to support the balance accrued.

Approved by the Board and signed on its behalf by:

Marco Gobbetti

Director

16/09/2016

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report including the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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 LVMH FG Services UK Limited

We have audited the financial statements of LVMH FG Services UK Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet and the Statement of Changes in Equity, and the related notes 1 to 18. 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), including FRS 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.

Basis for qualified opinion on financial statements

With respect to Accruals falling due after one year of £5,713 thousand set out in Note 13 of the financial statements, and the corresponding charge to the Profit and loss account in 2015 shown within Administrative expenses, the audit evidence available to us was limited and we were unable to obtain sufficient information from the directors of the company. As a result of this we were unable to obtain sufficient appropriate audit evidence concerning these balances by using other audit procedures.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion on financial statements paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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 other matters prescribed by the Companies Act 2006

Notwithstanding our qualified opinion on the financial statements, 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.

Independent auditor's report to the members of LVMH FG Services UK Limited (continued)

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to accruals, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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:

- 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.

Georgina Robb

Georgina Robb (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

19/09/2016

LVMH FG SERVICES UK LIMITED

Profit and loss account
For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	3	23,469	15,935
Cost of sales		(7)	-
Gross profit		**23,462**	**15,935**
Administrative expenses		(22,476)	(14,937)
Operating profit		**986**	**998**
Interest receivable and similar income	4	14	9
Profit on ordinary activities before taxation	5	**1,000**	**1,007**
Tax on profit on ordinary activities	8	(345)	(245)
Profit for the financial year		**655**	**762**

The Company had no recognised gains and losses in either year other than those included in the profits above, and therefore no separate statement of other comprehensive income has been presented.

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

LVMH FG SERVICES UK LIMITED

Balance sheet
As at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	9	108	-
Tangible assets	10	122	210
		230	**210**
Current assets			
Debtors			
– due within one year	11	16,061	7,243
Cash at bank and in hand		3	3
		16,064	**7,246**
Creditors: Amounts falling due within one year	12	**(7,801)**	**(5,331)**
Net current assets		**8,263**	**1,914**
Creditors: Amounts falling due after one year	13	**(5,713)**	-
Net assets		**2,780**	**2,125**
Capital and reserves			
Called-up share capital	16	1	1
Profit and loss account		2,779	2,124
Shareholders' funds		**2,780**	**2,125**

The financial statements of LVMH FG Services UK Limited (registered number 06615345) were approved by the board of directors and authorised for issue on 16/09 / 2016. They were signed on its behalf by:

Marco Gobbetti

Marco Gobbetti

Director

LVMH FG SERVICES UK LIMITED

Statement of changes in equity
For the year ended 31 December 2015

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2014	1	1,362	1,363
Profit for the period	-	762	762
Balance at 31 December 2014	1	2,124	2,125
Profit for the period	-	655	655
Balance at 31 December 2015	**1**	**2,779**	**2,780**

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies

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

Basis of accounting

LVMH FG Services UK Limited is a Company incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out in the business review on pages 1 to 2.

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 2015 the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014. There are no material adjustments on adoption of FRS 101 and therefore, the attached financial statements were not restated.

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 goods and services. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, 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 required, equivalent disclosures are given in the group accounts of LVMH Moët Hennessy-Louis Vuitton SA. The group accounts of LVMH Moët Hennessy-Louis Vuitton SA are available to the public and can be obtained as set out in note 18.

Going concern

The Company is in a net asset position at the year end and has made a profit for the year. The directors have prepared forecasts and concluded that the Company is able to operate and meet any obligations as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. On the basis of their assessment of the Company's financial position and future prospects, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for at least the next 12 months. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software	5 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the financial statements (continued)
For the year ended 31 December 2015

1. Accounting policies (continued)

Tangible fixed assets

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts as described below.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold land and buildings	3 years
Plant and machinery	10 years
Fixtures and fittings and office equipment	5 to 10 years

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1. 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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Turnover

Turnover is stated net of VAT and trade discounts.

Sale of services
Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

1. Accounting policies (continued)

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits 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.

Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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 as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

1. Accounting policies (continued)

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 101 paragraph 5. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by LVMH Fashion Group Services SAS, as the immediate parent of the entity, or by a shareholders holding in aggregate 5 per cent or more of the total allocated shares in the Company or more than half of the allotted shares in the entity not held by LVMH Fashion Group Services SAS as the immediate parent.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Operating lease commitments

The Company has entered into commercial property leases as a lessee to obtain the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on evaluation of the terms and conditions of the arrangement, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

3. Turnover

	2015 £'000	2014 £'000
Continuing operations	23,469	15,935

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

4. Finance income

	2015 £'000	2014 £'000
Bank interest receivable	14	9

Notes to the financial statements (continued)
For the year ended 31 December 2015

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2015 £'000	2014 £'000
Research and development	413	934
Depreciation of intangible assets	12	-
Audit fee for the audit of financial statements	13	12
Net foreign exchange losses	4	28
Depreciation of tangible fixed assets	116	114
Operating lease rentals	565	527
Staff costs (see note 6)	16,543	9,615

6. Staff costs

The average monthly number of employees (including executive directors) was:

	2015 Number	2014 Number
Design	35	29
Administration	3	2
	38	**31**

Their aggregate remuneration comprised:

	2015 £'000	2014 £'000
Wages and salaries	14,623	8,367
Social security costs	1,817	1,119
Other pension costs	103	129
	16,543	**9,615**

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

Notes to the financial statements (continued)
For the year ended 31 December 2015

7. Directors' remuneration and transactions

	2015 £'000	2014 £'000
Directors' remuneration		
Emoluments	534	304

	2015 £'000	2014 £'000
Remuneration of the highest paid director:		
Emoluments	534	304

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes. Neither director received pension payments during the year (2014: £nil).

8. Tax on profit on ordinary activities

The tax charge on the profit on ordinary activities before taxation is made up as follows:

	2015 £'000	2014 £'000
Current taxation:		
UK corporation tax charge at 20.25%	1,375	255
Adjustment in respect of prior periods	(10)	2
	1,365	257
Deferred taxation:		
Origination and reversal of timing differences	(1,024)	(12)
Impact of the changes in tax rate	4	-
Tax charge on profit on ordinary activities	**345**	**245**

8. Tax on profit on ordinary activities (continued)

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	1,000	1,007
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.49%)	202	216
Effects of:		
Expenses not deductible/income not taxable for tax purposes	21	21
Capital allowances in excess of depreciation	-	-
Adjustments to tax charge in respect of previous periods	(10)	2
Other timing differences	-	6
Adjust closing deferred tax to average rate of 20.25% (2014: 21.49%)	132	-
Total tax charge for period	**345**	**245**

Budget announcements

The standard rate of UK corporation tax was reduced from 21% to 20% with effect from 1 April 2015. The rate of UK corporation tax that was enacted at the balance sheet date was 20%. The UK government has previously announced that the UK corporation tax rate will reduce further to 19% on 1 April 2017 and to 17% on 1 April 2020, the move to 17% in 2020 has not yet been enacted by the UK government. There are no other factors that may significantly affect future tax charges.

9. Intangible fixed assets

	Computer Software £'000
Cost	
At 31 December 2014	-
Additions	120
At 31 December 2015	**120**
Depreciation	
At 31 December 2014	-
Charge for the year	12
At 31 December 2015	**12**
Net book value	
At 31 December 2014	-
At 31 December 2015	**108**

10. Tangible fixed assets

	Long leasehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings and office equipment £'000	Total £'000
Cost or valuation				
At 1 January 2015	742	2	89	833
Additions	6	-	22	28
At 31 December 2015	**748**	**2**	**111**	**861**
Depreciation				
At 1 January 2015	565	2	56	623
Charge for the year	92	-	24	116
At 31 December 2015	**657**	**2**	**80**	**739**
Net book value				
At 31 December 2015	**91**	-	**31**	**122**
At 31 December 2014	177	-	33	210

Notes to the financial statements (continued)
For the year ended 31 December 2015

11. Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	285	-
Amounts owed by group undertakings	8,117	6,860
Other debtors	40	115
Deferred tax asset	1,059	39
VAT	33	-
Prepayments and accrued income	6,527	229
	16,061	**7,243**

No interest is receivable on amounts owed by group undertakings and there is no fixed date for repayment.

12. Creditors – amounts falling due within one year

	2015 £'000	2014 £'000
Other loans	16	-
Trade creditors	333	267
Amounts owed to group undertakings	18	-
Corporation tax	1,266	132
Other taxation and social security	1,452	230
Accruals and deferred income	4,716	4,701
	7,801	**5,331**

No interest is payable on amounts owed by group undertakings and there is no fixed date for repayment.

13. Creditors – amounts falling due after one year

	2015 £'000	2014 £'000
Accruals and deferred income	**5,713**	-

14. Financial 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:

	Land and buildings	
	2015	**2014**
	£'000	**£'000**
- within one year	201	-
- between two and five years	1,335	2,101
	1,536	**2,101**

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of 6 years, including fixed rental subject to periodic rent review or annual increment. Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

15. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income of £103k (2014: £129k) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2015, contributions of £10k (2014: £14k) due in respect of the current reporting period had not been paid over to the schemes.

16. Called-up share capital

	2015	**2014**
	£'000	**£'000**
Authorised		
Allotted, called-up and fully-paid		
1,000 ordinary shares of £1 each	1	1

17. Related party transactions

The Company has taken advantage of the exemption in FRS 101 from providing details of related party transactions with fellow subsidiaries which are 100% owned as they are included within the consolidated accounts of its ultimate parent LVMH Moët Hennessy-Louis Vuitton SA, which are publicly available as detailed in note 18. Please refer to notes 11 and 12 for more information.

18. Controlling party

The ultimate parent undertaking of the largest and smallest group of undertakings for which the group financial statements are drawn up and of which the Company is a member, and the Company's ultimate controlling party, is LVMH Moët Hennessy-Louis Vuitton SA, incorporated in France, and the immediate parent undertaking is LVMH Fashion Group Services SAS, incorporated in France. The financial statements of LVMH Moët Hennessy-Louis Vuitton SA are available in English to the public and may be obtained from 22 Avenue Montaigne, 75008, Paris, France and the Company was incorporated in the United Kingdom.