

**LVMH FG SERVICES UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# LVMH FG SERVICES UK LIMITED

## COMPANY INFORMATION

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**Directors** Francois-Xavier Figon  
Emilie Jacqz appointed on 29 May 2020

**Secretary** Castlegate Secretaries Limited

**Company number** 06615345

**Registered office** C/O Browne Jacobson LLP  
6 Bevis Marks  
London  
EC3A 7BA

**Auditor** Constantin  
25 Hosier Lane  
London  
EC1A 9LQ

**Bankers** Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

**Solicitors** Browne Jacobson LLP  
6 Bevis Marks  
London  
EC3A 7BA

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# LVMH FG SERVICES UK LIMITED

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# **LVMH FG SERVICES UK LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present the Strategic Report for the year ended 31 December 2019. The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

#### **Principal activities**

The Company is a wholly-owned subsidiary of LVMH Fashion Group Services SAS, part of LVMH Moët Hennessy-Louis Vuitton SE. The principal activity of the Company is that of administrative services company.

#### **Review of the business**

After 2018 relocation of the design studio, administration and consultancy services remained in the UK and continues to provide exceptional service to LVMH's prestige retail brands.

The results of the business in the year increased from a pre-tax loss of £1,266 k in 2018; to a pre-tax profit of £25 k for year ending 2019, previous year pre-tax loss was driven by decrease in administrative consultancy services to other group companies and closure costs of design studio, whereas year ending 2019 was solely administration and consultancy services to other prestige retail brands with excellent cost control.

#### **Principal risks and uncertainties**

The key commercial risks for the company relate to our customers' brand positioning in fashion and leather goods marketplace against their main competitors and consumer spending.

The Company manages this risk by providing added value services to its customers, building and maintaining strong business relationships through its design and consultancy service in order for them to achieve increased turnover and profits.

The recent coronavirus/Covid-19 pandemic poses a risk to the retail sector, especially to all Brands within the LVMH Fashion Group portfolio, the company is continuously reviewing each government development of reopening of the high street to the general public, the company's approach is to consult each Brand individually, to support and overcome associated pandemic risks, via assessing, planning and implementing various health and safety measurements for all stakeholders and financial planning.

#### **Key performance indicators ("KPI's")**

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 trade creditors.

As a result of the relocation of the design studio out from United Kingdom in 2018, operational expenditure was controlled and reduced from £4m in 2018, to £1m in 2019.

Creditors decreased by £0.5m from £1.9m in 2018 to £1.3m in 2019, this was due to elimination of provision of the relocation of the design studio, also debtors improved due to successful reconciliation, invoicing and cash collection within the group, also the company continued to make operational improvements and added technology to their assets, albeit this changed their position in the balance sheet from Net Liability in 2018 to Net Assets in 2019.

#### **Financial risk management objectives and policies**

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.

#### **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 Finance Belgique SA as part of a group arrangement to rationalise management of funds and financial requirements in the UK.

# **LVMH FG SERVICES UK LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Future developments**

During quarter one-2018 and throughout 2019, Celine design studio was relocated due to the change in new creative director. Main administrative activities remained in the UK and continue to be kept in the UK for the foreseeable future.

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

### **Events after the balance sheet date**

There was a subsequent event since balance sheet date, the outbreak of Global pandemic: coronavirus/Covid-19.


Since the beginning of the pandemic, the company consulted and supported with each Brand of LVMH Fashion Group UK portfolio for the welfare of its stakeholders and adhered with government guidelines, as a result UK stores were temporarily closed from February 2020.

Due to senior members of the Brand's head office, who continuing to work from their homes, collectively and carefully designed the Brands recommencing strategy and implementing operational changes; so, our stakeholder's health and safety is kept paramount.

Like other stores with LVMH Moët Hennessy-Louis Vuitton group, the Brand conformed to local government guidelines, and with improvement to each store to ensure the safety of our workers and customers, the Brands UK stores began to reopen from June 2020, to continue to serve our customers with great customer care.

The coronavirus/Covid 19 pandemic is having a severe impact on the global economy. It is not possible to measure the full impact of this event on the business at this stage. It is felt unlikely that it will have a significant impact on the company's operations overall but remains a key area of continuous risk assessment.

Approved by the Board and signed on its behalf by:

  
Emilie JACQZ (Jul 22, 2020 19:21 GMT+1)

Emilie Jacqz  
**Director**

Date **Jul 22, 2020**

**Company Registration No. 06615345**

# **LVMH FG SERVICES UK LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 December 2019.

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 Directors' Report including future developments, events after the balance sheet date and financial risk management objectives and policies, the details of which can be found on page 1-2 and form part of this report by cross reference.

### **Results and Dividends**

The results for the year are set out on page 8.

There were no dividends declared for the year (2018:Nil).

### **Directors**

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

Francois-Xavier Figon

Guillaume Hanin resigned on 29 May 2020

### **Going concern**

Including the recent coronavirus/Covid-19 pandemic outbreak, the directors have prepared financial forecasts and implementing operational changes; the Company have adequate resources to continue in operational existence for the foreseeable future and not less than one year from the date of approval of these financial statements

LVMH Fashion Group Headquarters in Paris has specified their intention of providing much support to the shared service centre in the UK, therefore, the Company will 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 note 1.2 in the financial statements.

### **Research and development**

As a result of the 2018-relocation, throughout 2019 the company did not incur any development costs for ready to wear and leather good collections, previous year the spend was for quarter-one 2018 was £68k.

### **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 was passed to appoint Constantin as new company auditor. At the forthcoming Annual General Meeting it will be proposed to reappoint them.

Approved by the Board and signed on its behalf by:

  
Emilie JACOZ (Jul 22, 2020 19:21 GMT+1)

Emilie Jacqz  
Director

Date: Jul 22, 2020

Company Registration No. 06615345

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**LVMH FG SERVICES UK LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**LVMH FG SERVICES UK LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF LVMH FG SERVICES UK LIMITED**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of LVMH FG Services UK Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 22 which include a statement of accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



# **LVMH FG SERVICES UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LVMH FG SERVICES UK LIMITED**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

# **LVMH FG SERVICES UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LVMH FG SERVICES UK LIMITED**

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#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### **Use of our report**

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.



**Peter Smith FCA (Senior Statutory Auditor)**

**for and on behalf of  
Constantin  
Chartered Accountants and Statutory Auditors**

**25 Hosier Lane  
London  
EC1A 9LQ**

**Date: 22 July 2020**

**LVMH FG SERVICES UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £'000	2018 £'000
<b>Turnover</b>	<b>4</b>	1,286	2,594
Cost of sales		(0)	(11)
<b>Gross profit</b>		1,286	2,583
Administrative expenses		(1,252)	(3,890)
<b>Operating Profit</b>	<b>7</b>	34	(1,307)
Interest receivable and similar income	<b>5</b>	0	41
Interest payable and similar charges	<b>6</b>	(9)	-
<b>Profit on ordinary activities before taxation</b>		25	(1,266)
Tax on ordinary activities	<b>10</b>	92	(1,604)
<b>Profit/(Loss) for the financial year</b>		117	(2,870)

The notes on pages 11-21 form an integrated part of the financial statements.

The Company had no recognised gains and losses in either year other than those included in the above, and therefore no separate statement of comprehensive income has been presented.  
The profit and loss account has been prepared on the basis that business operations are continuing.

# LVMH FG SERVICES UK LIMITED

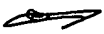
## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>				
Intangible assets	12		21	-
Tangible assets	13		3	-
			<u>24</u>	<u>-</u>
<b>Current assets</b>				
Debtors	14	1,226	1,696	
Cash at bank and in hand		180	229	
		<u>1,406</u>	<u>1,925</u>	
<b>Creditors: amounts falling due within one year</b>	15	(1,354)	(931)	
<b>Provision for liabilities</b>	16	(-)	(1,035)	
<b>Net current assets/(liabilities)</b>			<u>52</u>	<u>(41)</u>
<b>Net assets/(liabilities)</b>			<u>76</u>	<u>(41)</u>
<b>Capital and reserves</b>				
Called-up share capital	19		1	1
Profit and loss account			75	(42)
<b>Shareholders' funds</b>			<u>76</u>	<u>(41)</u>

The notes on pages 11-21 form an integrated part of the financial statements.

The financial statements of LVMH FG Services UK Limited were approved by the board of directors and authorised for issue. They were signed on its behalf by:

  
 Emilie JACQZ (Jul 22, 2020 19:21 GMT+1)  
 Emilie Jacqz  
 Director

Date **Jul 22, 2020**

Company Registration No. 06615345

**LVMH FG SERVICES UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2018</b>	1	2,828	2,829
<b>Year ended 31 December 2018:</b>			
Profit and total comprehensive income for the period	-	(2,870)	(2,870)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>	1	(42)	(41)
<b>Year ended 31 December 2019:</b>			
Profit and total comprehensive income for the period	-	117	117
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2019</b>	1	75	76
	<hr/>	<hr/>	<hr/>

# **LVMH FG SERVICES UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Accounting policies**

##### **General information**

LVMH FG Services UK Limited is a Company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is 6 Bevis Marks, London, EC3A 7BA. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

##### **1.1 Basis of accounting**

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 SE. The group accounts of LVMH Moët Hennessy-Louis Vuitton SE are available to the public and can be obtained as set out in note 20.

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 are summarised below. They have all been applied consistently throughout the year and the preceding year.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issues by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting years beginning on or after 1 January 2016.

##### **1.2 Going concern**

The Company was in a net asset position at the year-end and has made a profit for the year. Including the recent pandemic outbreak, the directors have prepared financial forecasts and implementing operational changes; in addition to the letter of support that was provided by the parent company, the Company concluded they are 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 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.

##### **1.3 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.

# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### 1.4 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
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#### 1.5 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:

Leasehold improvements	3 to 5 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.

#### 1.6 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.

# **LVMH FG SERVICES UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **1.7 Finance costs**

Where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **1.8 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.

#### **1.9 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.

#### **1.10 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 is 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.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks.

#### **1.11 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.



# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### 1.11 Taxation continue

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.

#### 1.12 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.

### 2 Adoption of new Standards

#### 2.1 Impact of initial application of IFRS 16 Leases

In the current year, the entity has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the entity's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the entity is 1 January 2019.

This new accounting standard is not applicable for the Company, as LVMH FG do not have leases entering the scope of IFRS 16.

# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 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.

#### Critical judgements in applying the Company's accounting policies

The directors believe that there are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

#### Key sources of estimation uncertainty

The directors believe that there are no key assumptions concerning the future, the other key sources of estimation uncertainty at the balance sheet date and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4 Turnover

	2019 £'000	2018 £'000
Revenue		
Rendering of services	1,286	2,594

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom. The turnover is the recharge of all administrative expenses from the Studio with a mark-up of 7% and the recharge of services to the brands.

### 5 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from group companies	-	41

### 6 Interest payable and similar charges

	2019 £'000	2018 £'000
Interest payable to group companies	(9)	-

# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 7 Profit on ordinary activities before taxation

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation for the year is stated after Charging/(crediting):		
Research and development	-	68
Depreciation of tangible fixed assets	0	(219)
Amortisation of intangible assets	2	65
Operating lease rentals	(34)	(150)
Operational lease rentals and depreciation are in credit due to reversal of previous year estimations of the closure costs relating to design studio.		

### 8 Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Company	10	10

### 9 Staff costs

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

	2019 Number	2018 Number
Administration	20	18

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	812	3,399
Social security costs	65	178
Other pension costs	74	117
	951	3,694

The key management personnel are considered to be the directors, who are remunerated from a separate company and therefore there are no expense for them in the UK entity. The key management personnel did not receive any pension contributions.

# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Taxation

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK corporation tax on profit for the current period	8	-
Adjustments in respect of prior periods	(110)	(37)
Total current tax	(102)	(37)
<b>Deferred tax</b>		
Origination and reversal of temporary differences	6	1,660
Adjustments in respect of prior periods	4	(19)
Total tax (credit)/charge	(92)	1,604

The Company operates primarily in the UK. Therefore, the tax rate used on ordinary activities is the standard rate for UK corporation tax, currently 19.00% (2018: 19.00%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2019 £'000	2018 £'000
(Loss)/profit on ordinary activities before taxation	25	(1,266)
Tax on ordinary activities at standard UK corporation tax rate of 19.00% (2018: 19.00%)	5	(240)
Expenses not deductible/income not taxable for tax purposes	10	4
Group relief surrendered/(claimed)	(110)	2,092
Adjustments to tax charge in respect of previous periods	-	(37)
Deferred tax adjustments in respect of prior years	3	(19)
Rate difference of deferred tax movement	-	(196)
Taxation charge for the period	(92)	1,604

### Budget announcements

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	2019 £'000	2018 £'000
Asset at 1 January 2019	50	1,691
Movement in profit or loss	(10)	(1,641)
Asset at 31 December 2019	40	50
Fixed asset timing differences	39	45
Short term timing differences	1	5
Asset at 31 December 2019	40	50

### 12 Intangible assets

	Computer software £'000
<b>Cost</b>	
At 1 January 2019	132
Additions	23
Disposals	0
At 31 December 2019	155
<b>Amortisation</b>	
At 1 January 2019	132
Charge for the year	2
Disposals	0
At 31 December 2019	134
<b>Net book value</b>	
At 31 December 2019	21
At 31 December 2018	-

# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 13 Tangible assets

	Computer Equipment £'000
<b>Cost</b>	
At 1 January 2019	-
Additions	3
Disposals	-
At 31 December 2019	3
<b>Amortisation</b>	
At 1 January 2019	-
Charge for the year	0
Disposals	-
At 31 December 2019	0
<b>Net book value</b>	
At 31 December 2019	3
At 31 December 2018	-

### 14 Debtors

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	278	195
Amounts owed by group undertakings	633	439
VAT	-	4
Prepayments	46	228
Accrued Income	81	761
Corporation Tax Asset	148	19
Deferred tax asset (note 10)	40	50
	<u>1,226</u>	<u>1,696</u>

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

# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 15 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	561	433
Corporation tax	-	-
Other taxation and social security	201	37
Amounts owed to group undertakings	77	57
Accruals	515	404
	<u>1,354</u>	<u>931</u>

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

#### 16 Provisions for liabilities

	2019 £'000	2018 £'000
Liabilities at 1 January 2019	1,035	7,146
Movement in profit or loss	(1,035)	(6,111)
Liabilities at 31 December 2019	<u>-</u>	<u>1,035</u>

All costs for the of the closure of design operation division of the business has been captured and no provision is required thereafter.

#### 17 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:

	2019 £'000	2018 £'000
Within one year	118	391
Between two and five years	-	-
In over five years	-	-
	<u>118</u>	<u>391</u>

Rentals expenses are intercompany recharges are from another company belonging to LVMH Fashion Group. These are not a lease related financial commitment.

# LVMH FG SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 18 Retirement benefit schemes

#### Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for 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 £74k (2018: £117k) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

As at 31 December 2019, contributions of £5k (2018: £8k) due in respect of the current reporting period had not been paid over to the schemes.

### 19 Called-up share capital

	2019 £'000	2018 £'000
<b>Ordinary share capital</b>		
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1	1
<b>Issued and fully paid</b>		
1,000 Ordinary shares of £1 each	1	1

### 20 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 SE.

### 21 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 SE, 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 SE 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.

### 22 Subsequent events

The coronavirus/Covid 19 pandemic is having a severe impact on the global economy. It is not possible to measure the full impact of this event on the business at this stage. It is felt unlikely that it will have a significant impact on the company's operations overall but very much remains a key area of continuous risk assessment.