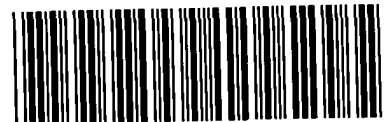


Company Registration No. 06615345 (England and Wales)

LVMH FG SERVICES UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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LVMH FG SERVICES UK LIMITED

COMPANY INFORMATION

Directors Francois-Xavier Figon
Anne-Sophie Kieken (appointed on 1st September 2021)
Guillaume Hanin (resigned on 29th May 2020)
Emilie Jacqz (resigned on 1st September 2021)

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

LVMH FG SERVICES UK LIMITED

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LVMH FG SERVICES UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the Strategic Report for the year ended 31 December 2020. 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

During 2020 coronavirus/Covid-19 pandemic Fashion Group continued to provide exceptional service in administration and consultancy services to LVMH's prestige retail brands.

The Company continued to deliver their exceptional service, which resulted in £1.27 million in revenue; similar revenue the previous year.

The Company executed a cost saving initiative, as a result, the Company achieved pre-tax profit of £75k in year ending 2020; which is an increase in pre-tax profit from £25k from 2019.

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.

Operational expenditure for the year was controlled and maintained at £1m compared to previous year.

Debtors continued to improve due to cash collection within the group, as result the company ending cash position improve from £180k in 2019 to £654k in 2020.

Creditors decreased by £555k from £561k in 2019 to £6k in 2020, this was due to successful implementation of new payables technology plus an effective accounts' payables project, to clean prior balances.

The Company Net asset position grew 112% to £161k in 2020 from £76k 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.

Brexit uncertainties

Whilst the impact of the UK's decision to exit the European Union cannot yet be fully quantified, a number of existing risks have already been identified as sensitive to Brexit and these continue to be monitored carefully, with appropriate levels of mitigating action being considered as details emerge.

LVMH FG SERVICES UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

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, main administrative activities remained in the UK and continue to be kept in the UK for the foreseeable future

Events after the balance sheet date

There were no subsequent events since the balance sheet date.

Approved by the Board and signed on its behalf by:



A Kieken
Director

Date 28.09.21

Company Registration No. 06615345

LVMH FG SERVICES UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

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 (2019: Nil).

Directors

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

Francois-Xavier Figon

Emilie Jacqz Appointed on 29 May 2020

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, 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

The company did not incur any development costs during 2020, for ready to wear and leather good collections, also no development costs were incurred in the previous year, the driver of this is due to the 2018-relocation of the studio function.

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:



A Kieken
Director

Date: 28.09.21

Company Registration No. 06615345

LVMH FG SERVICES UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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 2020 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 balance sheet;
- the statement of changes in equity;
- the related notes 1 to 20 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to material misstatement in the financial statements themselves. 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 this regard.

LVMH FG SERVICES UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LVMH FG SERVICES UK LIMITED

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Pension Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC

LVMH FG SERVICES UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LVMH FG SERVICES UK LIMITED

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- strategic report and 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 and directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.



Thierry de Gennes, ACA (Senior Statutory Auditor)
for and on behalf of Constantin Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

Date: 28 September 2021

LVMH FG SERVICES UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	1,273	1,286
Cost of sales		1	(0)
Gross profit		1,274	1,286
Other Income	4	3	-
Administrative expenses		(1,205)	(1,252)
Operating Profit	7	72	34
Interest receivable and similar income	5	4	0
Interest payable and similar charges	6	(1)	(9)
Profit on ordinary activities before taxation		75	25
Tax on ordinary activities	10	10	92
Profit for the financial year		85	117

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 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12		51		21
Tangible assets	13		394		3
			445		24
Current assets					
Debtors due within one year	14	171		1,186	
Debtors due after one year	14	39		40	
Cash at bank and in hand		654		180	
		864		1,406	
Creditors: amounts falling due within one year	15	(863)		(1,354)	
Net current assets			1		52
Creditors: amounts falling due after one year	16	(285)			
Net assets			161		76
Capital and reserves					
Called-up share capital	18		1		1
Profit and loss account			160		75
Shareholders' funds			161		76

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:



A Kieken
Director

Date 28.09.21

Company Registration No. 06615345

LVMH FG SERVICES UK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2019	1	(42)	(41)
Year ended 31 December 2019:			
Profit and total comprehensive income for the period	—	117	117
Balance at 31 December 2019	1	75	76
Year ended 31 December 2020:			
Profit and total comprehensive income for the period	—	85	85
Balance at 31 December 2020	1	160	161

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 pandemic outbreak, the directors have prepared financial forecasts and implementing operational changes, 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 2020

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
-------------------	---------

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:

Land and Buildings	Life of lease
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 2020

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

The entity as applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The entity assesses whether a contract is or contains a lease, at inception of the contract. The entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the financial statements.

The entity applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Intangible & tangible fixed asset' policy.

The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Administration expenses' in profit or loss.

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

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.

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.

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

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.

1.13 Government Grants

Government grants are recognised on the accrual model. The grants monies receivable in the year relate to compensation for staff costs under the furlough scheme, already incurred and recognised as an expense in the profit and loss account.

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.

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.

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover	2020	2019
	£'000	£'000
Revenue		
Rendering of services	1,273	1,286
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.		
	2020	2019
	£'000	£'000
4 Other Income		
Income due to 2020 coronavirus/Covid-19 pandemic relief schemes	3	
5 Interest receivable and similar income	2020	2019
	£'000	£'000
Interest receivable from group companies	4	
6 Interest payable and similar charges	2020	2019
	£'000	£'000
Interest payable to group companies	(1)	(9)
7 Operating Profit	2020	2019
Operating Profit/Loss for the year is stated after charging/(crediting):	£'000	£'000
Depreciation of tangible fixed assets	15	0
Amortisation of intangible assets	22	2
Operating lease rentals	102	(34)
8 Auditor's remuneration	2020	2019
Fees payable to the Company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the Company	10	10

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Staff costs

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

	2020 Number	2019 Number
Administration	16	20

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	769	812
Social security costs	90	65
Other pension costs	52	74
	<u>912</u>	<u>951</u>

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.

10 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profit for the current period	10	8
Adjustments in respect of prior periods	(21)	(110)
Total current tax	<u>(11)</u>	<u>(102)</u>
Deferred tax		
Origination and reversal of temporary differences	1	6
Adjustments in respect of prior periods	-	4
Total tax (credit)/charge	<u>(10)</u>	<u>(92)</u>

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% (2019: 19.00%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation (continued)

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

	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before taxation	75	25
Tax on ordinary activities at standard UK corporation tax rate of 19.00% (2019: 19.00%)	14	5
Expenses not deductible/income not taxable for tax purposes	1	10
Group relief surrendered/(claimed)	-	(110)
Adjustments to tax charge in respect of previous periods	(21)	-
Deferred tax adjustments in respect of prior years	-	3
Rate difference of deferred tax movement	(4)	-
Taxation charge for the period	(10)	(92)

Budget announcements

The UK corporation tax rate was previously enacted to reduce to 17% from 1 April 2020. However, Finance Act 2020, which was substantively enacted on 11 March 2020, repealed this rate reduction and the corporation tax rate will remain at 19% from 1 April 2020.

The closing deferred tax assets and liabilities have been calculated at 19%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

Finance Act 2021 received Royal Assent on 10 June 2021 which has enacted an increase in the UK corporation tax rate to 25% from 1 April 2023. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods subject to this increased rate but as this had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

11 Deferred taxation

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

	Asset 2020 £'000	Asset 2019 £'000
Asset at 1 January 2020	40	50
Movement in profit or loss	(1)	(10)
Asset at 31 December 2020	39	40
Fixed asset timing differences	38	39
Short term timing differences	1	1
Asset at 31 December 2020	39	40

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Intangible assets

	Computer software
Cost	£'000
At 1 January 2020	155
Additions	52
Disposals	(132)
At 31 December 2020	75
Amortisation	
At 1 January 2020	134
Charge for the year	22
Disposals	(132)
At 31 December 2020	24
Net book value	
At 31 December 2020	51
At 31 December 2019	21

13 Tangible fixed assets

	*Land and Buildings	Fixtures, fittings and Computer equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	-	3	3
Additions	347	60	407
Disposals	-	-	-
At 31 December 2020	347	63	410
Depreciation			
At 1 January 2020	-	-	-
Charge for the year	14	2	16
Disposals	-	-	-
At 31 December 2020	14	2	16
Net book value			
At 31 December 2020	333	61	394
At 31 December 2019	-	3	3

The Company leases one building. The average lease term is 7 years (2019: Nil)

*Land and buildings category entirely made up of Right of Use assets as per IFRS 16

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	14	278
Amounts owed by group undertakings	37	633
Other Debtors	1	-
Prepayments	27	46
Accrued Income	93	81
Corporation Tax Asset	-	148
	<u>171</u>	<u>1,186</u>

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

Amounts falling due more than one year:

Deferred Tax Asset	<u>39</u>	<u>40</u>
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15 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	6	561
Corporation tax	9	-
Other taxation and social security	116	201
Short-term Lease liabilities	43	-
Amounts owed to group undertakings	0	77
Accruals	689	515
	<u>863</u>	<u>1,354</u>

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

16 Creditors: amounts falling due more than one year	2020	2019
	£'000	£'000
Long-term Lease liabilities	<u>285</u>	<u>-</u>

LVMH FG SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 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 £52k (2019: £74k) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2020, contributions of £8k (2019: £5k) due in respect of the current reporting period had not been paid over to the schemes.

18 Called-up share capital

	2020 £'000	2019 £'000
Ordinary share capital		
Authorised		
1,000 Ordinary shares of £1 each	1	1
Issued and fully paid		
1,000 Ordinary shares of £1 each	1	1

19 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.

20 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.