

COMPANY REGISTRATION NUMBER 02814743

LUCY WERNICK AND ASSOCIATES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2012



TIFFIN GREEN
Chartered Certified Accountants & Statutory Auditor
11 Queens Road
Brentwood
Essex
CM14 4HE

LUCY WERNICK AND ASSOCIATES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2012

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LUCY WERNICK AND ASSOCIATES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mrs L E Wernick
D M Wernick
Miss K E Cheney

Company secretary

Mrs L E Wernick

Registered office

11 Bowling Green Lane
London
EC1R 0BG

Auditor

Tiffin Green
Chartered Certified Accountants
& Statutory Auditor
11 Queens Road
Brentwood
Essex
CM14 4HE

LUCY WERNICK AND ASSOCIATES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MAY 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 May 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the import and wholesale of mens and ladies clothing

Lucy Wernick and Associates Limited is a fashion agency which specialises in representing American high end fashion manufacturers in the UK and European markets. The year to 31st May 2012 saw turnover largely maintained despite the continuing global recession. Gross profit margins have increased from 41.6% to 45.3%. The net profit margin is 15.1% (2011 14.1%).

The solvency ratio of current assets to current liabilities shows a decrease from 1.30 to 1.07.

Credit control remains strong with debtor days at 34 (2011 37).

FUTURE DEVELOPMENTS

The directors are confident that the company will continue to operate at or above its current levels, with further growth in our existing markets and new additions to the list of companies that we represent in the UK and European markets. No significant changes are foreseen in the future development of the company.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £965,337. Particulars of dividends paid are detailed in note 9 to the financial statements.

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

a) Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity and interest rate risks associated with the company's activities.

b) Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense whilst ensuring the company has sufficient liquid resources to meet the operating need of the business.

c) Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on its overdraft.

d) Credit risk

Investments of cash surpluses and borrowings are made through banks and companies approved by the board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

The company is exposed to foreign currency risk through its overseas trading. To minimise this risk, foreign currency bank accounts are used to carry out the relevant transactions.

DIRECTORS

The directors who served the company during the year were as follows:

Mrs L E Wernick

D M Wernick

Miss K E Cheney

LUCY WERNICK AND ASSOCIATES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2012

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial 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). 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

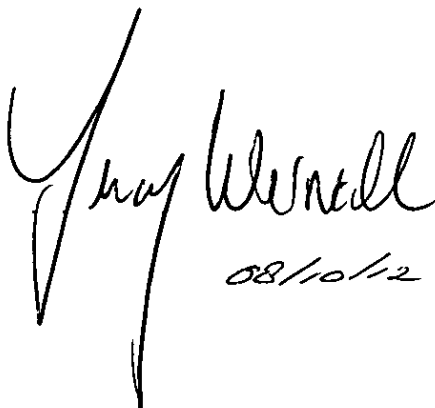
AUDITOR

Tiffin Green are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed by order of the directors

MRS L E WERNICK
Company Secretary

Approved by the directors on



08/10/12

LUCY WERNICK AND ASSOCIATES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LUCY WERNICK AND ASSOCIATES LIMITED
YEAR ENDED 31 MAY 2012

We have audited the financial statements of Lucy Wernick and Associates Limited for the year ended 31 May 2012. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

LUCY WERNICK AND ASSOCIATES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LUCY WERNICK AND ASSOCIATES LIMITED *(continued)*
YEAR ENDED 31 MAY 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

N. D. Tidbury

NIGEL TIDBURY (Senior Statutory Auditor)

For and on behalf of

TIFFIN GREEN

Chartered Certified Accountants & Statutory Auditor

11 Queens Road

Brentwood

Essex

CM14 4HE

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LUCY WERNICK AND ASSOCIATES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2012

	Note	2012 £	2011 £
TURNOVER	2	8,605,191	8,633,343
Cost of sales		<u>6,294,946</u>	<u>6,705,430</u>
GROSS PROFIT		2,310,245	1,927,913
Administrative expenses		1,110,216	742,057
Other operating income	3	<u>(92,965)</u>	<u>(27,374)</u>
OPERATING PROFIT	4	1,292,994	1,213,230
Interest receivable		7,044	14,621
Interest payable and similar charges	7	<u>(617)</u>	<u>(5,403)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,299,421	1,222,448
Tax on profit on ordinary activities	8	<u>334,084</u>	<u>338,455</u>
PROFIT FOR THE FINANCIAL YEAR		<u>965,337</u>	<u>883,993</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 9 to 15 form part of these financial statements.

LUCY WERNICK AND ASSOCIATES LIMITED

BALANCE SHEET

31 MAY 2012

	Note	2012 £	£	2011 £	£
FIXED ASSETS					
Tangible assets	10		16,760		19,718
CURRENT ASSETS					
Stocks	11	37,719		6,260	
Debtors	12	894,537		954,595	
Cash at bank and in hand		455		18,245	
		932,711		979,100	
CREDITORS: Amounts falling due within one year	13	(711,368)		(750,543)	
NET CURRENT ASSETS			221,343		228,557
TOTAL ASSETS LESS CURRENT LIABILITIES			238,103		248,275
PROVISIONS FOR LIABILITIES					
Deferred taxation	14		(2,342)		(2,851)
			235,761		245,424
CAPITAL AND RESERVES					
Called-up equity share capital	17		200		200
Share premium account	18		900		900
Profit and loss account	19		234,661		244,324
SHAREHOLDERS' FUNDS	20		235,761		245,424

These financial statements were approved by the directors and authorised for issue on 08/06/12, and are signed on their behalf by


D M WERNICK
Director

Company Registration Number 02814743

The notes on pages 9 to 15 form part of these financial statements.

LUCY WERNICK AND ASSOCIATES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MAY 2012

	Note	2012 £	£	2011 £	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21		1,423,678		(1,174,738)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	21		6,427		9,218
TAXATION	21		(472,895)		(516,686)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	21		-		(6,958)
EQUITY DIVIDENDS PAID			(975,000)		(900,000)
DECREASE IN CASH	21		<u>(17,790)</u>		<u>(2,589,164)</u>

The notes on pages 9 to 15 form part of these financial statements.

LUCY WERNICK AND ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Related parties transactions

The company is a wholly owned subsidiary of Lucy Wernick Holdings Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with the group

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after the deduction of trade discounts and value added tax

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings - at 15% per annum of net book value

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

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

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account

LUCY WERNICK AND ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2012

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2012 £	2011 £
United Kingdom	2,395,748	1,722,961
Overseas	6,209,443	6,910,382
	<u>8,605,191</u>	<u>8,633,343</u>

3. OTHER OPERATING INCOME

	2012 £	2011 £
Commission receivable	<u>92,965</u>	<u>27,374</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2012 £	2011 £
Depreciation of owned fixed assets	2,958	3,784
Loss on disposal of fixed assets	—	2,604
Auditor's remuneration		
- as auditor	6,750	6,750
Operating lease costs		
- Other	180,000	180,000
Net loss/(profit) on foreign currency translation	<u>129,158</u>	<u>(133,512)</u>

LUCY WERNICK AND ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2012

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2012	2011
	No	No
Number of administrative staff	7	6
Directors	3	3
	<u>10</u>	<u>9</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	374,171	321,107
Social security costs	42,466	35,387
	<u>416,637</u>	<u>356,494</u>

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Remuneration receivable	<u>138,082</u>	<u>133,259</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest payable on bank borrowing	598	1,120
Other similar charges payable	19	4,283
	<u>617</u>	<u>5,403</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 25 66% (2011 - 27 66%)	334,593	337,895
Total current tax	334,593	337,895
Deferred tax		
Origination and reversal of timing differences (note 14)		
Capital allowances	(509)	560
Tax on profit on ordinary activities	<u>334,084</u>	<u>338,455</u>

LUCY WERNICK AND ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2012

8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 25 66% (2011 - 27 66%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>1,299,421</u>	<u>1,222,448</u>
Profit on ordinary activities by rate of tax	333,518	338,200
Expenses not deductible for tax purposes	765	464
Capital allowances in excess of depreciation	310	(769)
Total current tax (note 8(a))	<u>334,593</u>	<u>337,895</u>

9. DIVIDENDS

Equity dividends

	2012 £	2011 £
Paid during the year		
Dividends on equity shares	<u>975,000</u>	<u>900,000</u>

10. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1 June 2011 and 31 May 2012	<u>43,072</u>
DEPRECIATION	
At 1 June 2011	23,354
Charge for the year	<u>2,958</u>
At 31 May 2012	<u>26,312</u>
NET BOOK VALUE	
At 31 May 2012	<u>16,760</u>
At 31 May 2011	<u>19,718</u>

11. STOCKS

	2012 £	2011 £
Finished goods	<u>37,719</u>	<u>6,260</u>

LUCY WERNICK AND ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2012

12. DEBTORS

	2012 £	2011 £
Trade debtors	794,961	867,959
Corporation tax repayable	407	–
Value added tax	45,182	56,591
Other debtors	17,491	4,933
Prepayments and accrued income	36,496	25,112
	<u>894,537</u>	<u>954,595</u>

13. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Payments received on account	107,709	131,967
Trade creditors	223,716	436,760
Amounts owed to group undertakings	348,999	–
Corporation tax	–	137,895
PAYE and social security	28,527	25,286
Other creditors	2,217	18,235
Accruals and deferred income	200	400
	<u>711,368</u>	<u>750,543</u>

14. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2012 £	2011 £
Provision brought forward	2,851	2,291
Profit and loss account movement arising during the year	(509)	560
Provision carried forward	<u>2,342</u>	<u>2,851</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Excess of taxation allowances over depreciation on fixed assets	2,342	2,851
	<u>2,342</u>	<u>2,851</u>

15. CONTINGENCIES

The bank hold an inter-company guarantee between the company and its parent undertaking, Lucy Wernick Holdings Limited. The total bank borrowing of Lucy Wernick Holdings Limited to which this guarantee relates at the balance sheet date was £1,366,666(2011-£1,500,000)

16. RELATED PARTY TRANSACTIONS

The company is exempt from the requirement to disclose transactions with related parties because the consolidated financial statements of the parent company are publicly available

LUCY WERNICK AND ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2012

17. SHARE CAPITAL

Allotted and called up:

	2012		2011	
	No	£	No	£
200 Ordinary shares fully paid of £1 each	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

18. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

19. PROFIT AND LOSS ACCOUNT

	2012 £	2011 £
Balance brought forward	244,324	260,331
Profit for the financial year	965,337	883,993
Equity dividends	(975,000)	(900,000)
Balance carried forward	<u>234,661</u>	<u>244,324</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	965,337	883,993
Equity dividends	(975,000)	(900,000)
Net reduction to shareholders' funds	(9,663)	(16,007)
Opening shareholders' funds	<u>245,424</u>	<u>261,431</u>
Closing shareholders' funds	<u>235,761</u>	<u>245,424</u>

21. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	1,292,994	1,213,230
Depreciation	2,958	3,784
Loss on disposal of fixed assets	—	2,604
Increase in stocks	(31,459)	(6,260)
Decrease in debtors	60,465	170,746
Increase/(decrease) in creditors	98,720	(2,558,842)
Net cash inflow/(outflow) from operating activities	<u>1,423,678</u>	<u>(1,174,738)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest received	7,044	14,621
Interest paid	(617)	(5,403)
Net cash inflow from returns on investments and servicing of finance	<u>6,427</u>	<u>9,218</u>

LUCY WERNICK AND ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2012

21. NOTES TO THE CASH FLOW STATEMENT *(continued)*

TAXATION

	2012 £	2011 £
Taxation	<u>(472,895)</u>	<u>(516,686)</u>

CAPITAL EXPENDITURE

	2012 £	2011 £
Payments to acquire tangible fixed assets	–	(6,983)
Receipts from sale of fixed assets	–	25
Net cash outflow from capital expenditure	<u>–</u>	<u>(6,958)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
Decrease in cash in the period	<u>(17,790)</u>	<u>(2,589,164)</u>
Movement in net funds in the period	<u>(17,790)</u>	<u>(2,589,164)</u>
Net funds at 1 June 2011	<u>18,245</u>	<u>2,607,409</u>
Net funds at 31 May 2012	<u>455</u>	<u>18,245</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jun 2011 £	Cash flows £	At 31 May 2012 £
Cash in hand and at bank	<u>18,245</u>	<u>(17,790)</u>	<u>455</u>
Net funds	<u>18,245</u>	<u>(17,790)</u>	<u>455</u>

22. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Lucy Wernick Holdings Limited, a company incorporated in England

23. ULTIMATE CONTROL

The ultimate controlling party is L E Wernick, the majority shareholder in the parent company