

**VIVIENNE WESTWOOD LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

Company Number: 2682271



FRASER RUSSELL  
Chartered Accountants  
4 London Wall Buildings  
Blomfield Street  
London EC2M 5NT

**VIVIENNE WESTWOOD LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

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**VIVIENNE WESTWOOD LIMITED**

**COMPANY INFORMATION**

**Director**

V. Westwood

**Secretary**

Temple Secretarial Limited

**Registered office**

Westwood Studios  
9 - 15 Elcho Street  
London  
SW11 4AU

**Company number**

2682271

**Auditors**

Fraser Russell  
4 London Wall Buildings  
Blomfield Street  
London  
EC4M 5NT

**VIVIENNE WESTWOOD LIMITED****REPORT OF THE DIRECTOR**

The director submits her report and the audited financial statements for the year ended 31st December 1996.

**Principal activity**

The principal activity of the company during the year was that of designers, manufacturers, wholesalers and retailers of fashion apparel.

**Review of the business**

The director is pleased with the results for the year and the financial position of the company at the year end.

**Results and dividends**

The profit for the year after tax transferred to reserves was £436,665 (1995 : £608,611). The director does not recommend the payment of a dividend.

**Director and her interests**

The director who served during the year and her beneficial interest in the ordinary shares of £1 each were as follows:

	1995 and 1996 Number
V. Westwood	100
	==

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which 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 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 to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**Close company status**

The company is a close company within the meaning of the Income and Corporation taxes Act 1988.

VIVIENNE WESTWOOD LIMITED

REPORT OF THE DIRECTOR

**Auditors**

Messrs Fraser Russell, Chartered Accountants and Registered Auditors were appointed Auditors of the company during the year. A resolution proposing their re-appointment will be put to the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'V.I. Westwood', written in a cursive style.

V.I WESTWOOD

*Director*

Dated:30th October 1997

**AUDITORS' REPORT TO THE MEMBERS OF  
VIVIENNE WESTWOOD LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

**Respective responsibilities of the director and auditors**

As described on page 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Fraser Russell*

FRASER RUSSELL  
Chartered Accountants  
and Registered Auditors

4 London Wall Buildings  
Blomfield Street  
London  
EC2M 5NT

Dated: 30th October 1997

## VIVIENNE WESTWOOD LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1996

	Notes	1996 £	1995 £
Turnover	2	6,272,965	5,785,175
Cost of sales		(3,523,319)	(3,377,728)
		<hr/>	<hr/>
Gross profit		2,749,646	2,386,555
		<hr/>	<hr/>
Distribution costs		(475,973)	(329,453)
Administrative expenses		(1,620,672)	(1,152,329)
		<hr/>	<hr/>
		(2,096,645)	(1,481,782)
		<hr/>	<hr/>
Operating profit	3	653,001	933,573
Interest receivable and similar income	6	95,128	14,854
Interest payable and similar charges	7	(31,880)	(29,641)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		716,249	918,786
Tax on profit on ordinary activities	8	(279,584)	(310,175)
		<hr/>	<hr/>
Retained profit for the year	18	£436,665	£608,611
		<hr/> <hr/>	<hr/> <hr/>

*All amounts relate to continuing operations.  
The company has no other recognised gains or losses.  
The notes on pages 9 to 15 form part of these financial statements*

## VIVIENNE WESTWOOD LIMITED

## BALANCE SHEET

As at 31st December 1996

	Notes	1996 £	1995 £
<b>Fixed assets</b>			
Intangible assets	9	10,887	5,259
Tangible assets	10	837,595	1,034,647
Investments	11	-	1,249,043
		<hr/>	<hr/>
		848,482	2,288,949
		<hr/>	<hr/>
<b>Current assets</b>			
Stock	12	679,713	571,928
Debtors due within one year	13	1,004,270	693,142
Debtors falling due after more than one year	14	1,508,889	160,825
Cash at bank and in hand		264,862	52,386
		<hr/>	<hr/>
		3,457,734	1,478,281
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	15	(2,688,419)	(2,372,010)
		<hr/>	<hr/>
<b>Net current assets/(liabilities)</b>		769,315	(893,729)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		1,617,797	1,395,220
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	16	(138,452)	(352,540)
		<hr/>	<hr/>
		£1,479,345	£1,042,680
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	18	100	100
Profit and loss account	18	1,479,245	1,042,580
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		£1,479,345	£1,042,680
		<hr/>	<hr/>



V. WESTWOOD  
Director

Dated: 30th October 1997

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



## VIVIENNE WESTWOOD LIMITED

## CASH FLOW STATEMENT

For the year ended 31st December 1996

	Notes	1996 £	1995 £
Net cash inflow from operating activities	1	601,196	229,212
<b>Returns on investments and servicing of finance:</b>			
Interest receivable		95,128	15,075
Interest paid		(31,288)	(28,531)
Interest element of finance lease rental payments		(592)	-
Net cash inflow/(outflow) from returns on investments and servicing of finance		63,248	(13,456)
Corporation tax paid		(448,174)	(101,945)
<b>Capital expenditure and financial investment:</b>			
Purchase of intangible assets		(6,982)	(6,574)
Purchase of tangible fixed assets		(67,593)	(670,552)
Sale of tangible fixed assets		178,000	-
Net cash inflow/(outflow) from capital expenditure and financial investment		103,425	(677,126)
Net cash inflow/(outflow) before financing		319,695	(563,315)
<b>Financing</b>			
Increase in debts due within a year		108,786	185,191
Decrease in debts due beyond a year		(214,088)	(23,636)
Capital element of finance lease rentals		(1,917)	-
Net cash (outflow)/inflow from financing		(107,219)	161,555
Increase/(decrease) in cash	2	£212,476	£(401,760)

The notes on page 8 form part of this Cash Flow Statement

## VIVIENNE WESTWOOD LIMITED

## NOTES TO THE CASH FLOW STATEMENTS

For the year ended 31st December 1996

## 1 Reconciliation of operating cash inflow from operating activities

	1996 £	1995 £
Operating profit	653,001	932,242
Depreciation	48,033	25,258
Loss on disposal of fixed assets	39,966	-
Increase in stocks	(107,785)	(124,564)
Increase in loans to related undertaking	(330,957)	(1,249,043)
Increase in debtors	(240,017)	(416,187)
Increase in creditors	538,955	1,061,506
<b>Net cash inflow from operating activities</b>	<b>£601,196</b>	<b>£229,212</b>

## 2 Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash in the year	212,476	(401,760)
Cash outflow/(inflow) from increase in debt and loan financing	107,219	(161,555)
<b>Movement in net debt in the year</b>	<b>319,695</b>	<b>(563,315)</b>
Net debt at 1st January 1996	(427,621)	135,694
<b>Net debt at 31st December 1996</b>	<b>£(107,926)</b>	<b>£(427,621)</b>

## 3 Analysis of net debt

	At 1st January 1996 £	Cash flow £	At 31st December 1996 £
Cash at bank and in hand	52,386	212,476	264,862
Debt due within 1 year	(127,467)	(103,036)	(230,503)
Debt due after 1 year	(352,540)	219,838	(132,702)
Finance leases and hire purchase contracts	-	(9,583)	(9,583)
<b>Total net debt</b>	<b>£(427,621)</b>	<b>£319,695</b>	<b>£(107,926)</b>

## VIVIENNE WESTWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies

*(a) Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

*(b) Depreciation*

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write down the cost less estimated residual value, over their useful economic lives, as follows:

Land and buildings	-	over 50 years
Fixtures, fittings and equipment	-	15% reducing balance
Office equipment	-	25% reducing balance
Motor vehicles	-	25% reducing balance

*(c) Trade marks*

Trade marks are depreciated over ten years on a straight line basis.

*(d) Stock*

Stock is stated at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. Cost represents materials, direct labour and appropriate production overheads.

*(e) Leases and hire purchase contracts*

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease. Rentals in respect of operating leases are charged to the profit and loss account in the year to which they relate.

*(f) Deferred taxation*

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallised in the future.

*(g) Foreign exchange*

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

## VIVIENNE WESTWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies (continued)

(h) *Royalties*

Royalties are recognised in the profit and loss account in the period in which the sales deriving the royalties are realised.

## 2. Turnover

Turnover represents the value of goods sold and services provided during the year which fall within the company's principal activity, stated net of value added tax, and arises in the following geographical markets.

	1996 £	1995 £
European community	3,871,274	3,701,170
Rest of the world	2,401,691	2,084,005
	<hr/>	<hr/>
	£6,272,965	£5,785,175
	<hr/>	<hr/>

## 3. Operating profit is stated after charging or (crediting):

## Auditors' remuneration:

- audit services	7,798	9,000
- other services	2,995	6,626
Depreciation - owned fixed assets	43,804	23,943
- assets held under finance leases	2,875	-
- intangible assets	1,354	1,315
Operating leases - land and buildings	235,158	112,248
- other	-	8,459
Royalties received	(400,328)	(447,025)
	<hr/>	<hr/>

## 4. Staff costs

Wages and salaries	1,104,921	696,990
Social security costs	111,428	71,892
Other pension costs	-	8,528
	<hr/>	<hr/>
	£1,216,349	£777,410
	<hr/>	<hr/>

## 5. Directors remuneration

For management services	18,624	27,800
Pension costs	-	4,200
	<hr/>	<hr/>
	£18,624	£32,000
	<hr/>	<hr/>

## VIVIENNE WESTWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

<b>6.</b>	<b>Interest receivable and similar income</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Bank interest	3,508	14,854
	Interest on loan to relating undertaking	91,485	-
	Other interest	135	-
		<hr/>	<hr/>
		£95,128	£14,854
		<hr/>	<hr/>
<b>7.</b>	<b>Interest payable and similar charges</b>		
	Bank loans and overdrafts	26,411	29,641
	Other interest	4,877	-
	Finance leases and hire purchase contracts	592	-
		<hr/>	<hr/>
		£31,880	£29,641
		<hr/>	<hr/>
<b>8.</b>	<b>Tax on profit on ordinary activities</b>		
	UK Corporation tax at 33% (1995 : 33%)	280,000	472,617
	Deferred tax	160,825	(137,200)
	Adjustment in respect of previous years	(161,241)	(25,242)
		<hr/>	<hr/>
		£279,584	£310,175
		<hr/>	<hr/>
<b>9.</b>	<b>Intangible fixed assets</b>		
			<b>Trade Marks</b>
			<b>£</b>
	<b>Cost</b>		
	At 1st January 1996		6,574
	Additions		6,982
			<hr/>
	At 31st December 1996		13,556
			<hr/>
	<b>Depreciation</b>		
	At 1st January 1996		1,315
	Charge for the year		1,354
			<hr/>
	At 31st December 1996		2,669
			<hr/>
	<b>Net book value</b>		
	At 31 December 1996		£10,887
			<hr/>
	At 31 December 1995		£5,259
			<hr/>

## VIVIENNE WESTWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Tangible fixed assets

	Land and Buildings £	Fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1st January 1996	915,951	185,256	-	8,417	1,109,624
Additions	8,684	12,591	46,318	-	67,593
Disposals	(217,966)	-	-	-	(217,966)
Reclassification	-	(78,782)	78,782	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1996	706,669	119,065	125,100	8,417	959,251
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1st January 1996	-	70,360	-	4,617	74,977
Charge for the year	9,824	11,794	23,795	1,266	46,679
Reclassification	-	(29,921)	29,921	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1996	9,824	52,233	53,716	5,883	121,656
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31st December 1996	£696,845	£66,832	£71,384	£2,534	£837,595
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1995	£915,951	£114,896	-	£3,800	£1,034,647
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value above are assets held under finance leases and hire purchase contracts with a net book value of £8,625 (1995: nil)

11. Investments	1996 £	1995 £
At 1st January 1996	1,249,043	-
Additions	-	1,249,043
Reclassification	(1,249,043)	-
	<hr/>	<hr/>
At 31st December 1996	-	£1,249,043
	<hr/>	<hr/>

A loan of £1,249,043 has been made to Vivienne Westwood (Property) Limited, a company in which V. Westwood, is a director and shareholder. The loan is secured by a fixed and floating charge on the assets of the company and is interest bearing at 1% above base rate.

Subsidiary	Country of incorporation	% holding
Casnell Limited	England	Wholly owned

Casnell Limited has not traded in the year.

## VIVIENNE WESTWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

12.	Stock	1996 £	1995 £
	Raw materials and consumables	111,746	62,588
	Work in progress	144,373	147,067
	Finished goods and goods for resale	423,594	362,273
		<u>£679,713</u>	<u>£571,928</u>
13.	<b>Debtors: amounts falling due within one year</b>	<u></u>	<u></u>
	Trade debtors	764,697	550,345
	Other debtors	206,433	110,483
	Prepayments and accrued income	33,140	32,314
		<u>£1,004,270</u>	<u>£693,142</u>
14.	<b>Debtors: amounts falling due after more than one year</b>	<u></u>	<u></u>
	Loan due from relating undertaking	1,508,889	-
	Deferred tax asset	-	160,825
		<u>£1,508,889</u>	<u>£160,825</u>
	The movements on the deferred tax assets are as follows:-		
	At 1st January 1996	160,825	23,625
	Transfer (to)/from profit and loss account	(160,825)	137,200
		<u>-</u>	<u>£160,825</u>
15.	<b>Creditors: amounts falling due within one year</b>	<u></u>	<u></u>
	Bank loans and overdrafts (note 17)	230,503	127,467
	Trade creditors	1,154,159	869,957
	Obligations under finance leases and hire purchase contracts	3,833	-
	Corporation tax	188,479	517,894
	Other taxes and social security	83,788	22,138
	Other creditors	186,194	6,484
	Accruals and deferred income	841,463	828,070
		<u>£2,688,419</u>	<u>£2,372,010</u>

Obligations under finance leases and hire purchase contracts are repayable within one to two years.

## VIVIENNE WESTWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16.	<b>Creditors: amounts falling due after more than one year</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Bank loans (note 17)	132,702	352,540
	Obligations under finance leases and hire purchase contracts	5,750	-
		<u>138,452</u>	<u>352,540</u>
		<u><u>£138,452</u></u>	<u><u>£352,540</u></u>

17. **Bank loans and overdrafts**

The bank loans are repayable by instalments and carry interest at 2% above Lloyds Bank Plc base rate. They are secured by a fixed and floating charge over the company's properties and other assets and are repayable as follows:

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Within one year	230,503	127,467
	<u>230,503</u>	<u>127,467</u>
Within one to two years	68,712	68,712
Within two to five years	63,990	118,828
After five years	-	165,000
	<u>132,702</u>	<u>352,540</u>
Total due for repayment after more than one year	132,702	352,540
	<u>132,702</u>	<u>352,540</u>
Total bank loans and overdrafts	<u><u>£363,205</u></u>	<u><u>£480,007</u></u>

18. **Reconciliation of movements in shareholders' funds**

	<b>Called up Share capital</b>	<b>Profit and Loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1st January 1995	100	433,969	434,069
Retained profit for the year	-	608,611	608,611
	<u>100</u>	<u>1,042,580</u>	<u>1,042,680</u>
At 31st December 1995	100	1,042,580	1,042,680
Retained profit for the year	-	436,665	436,665
	<u>100</u>	<u>1,479,245</u>	<u>1,479,345</u>
At 31st December 1996	<u><u>£100</u></u>	<u><u>£1,479,245</u></u>	<u><u>£1,479,345</u></u>

The authorised share capital of the company is 10,000 ordinary shares of £1 each (1995: 10,000) with 100 ordinary shares allotted, issued and fully paid.