

**Company Registration No. 02682271**

**Vivienne Westwood Limited**

**Revised Annual report and**

**financial statements**

**for the year ended 31 December 2016**



# **Vivienne Westwood Limited**

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# **Vivienne Westwood Limited**

## **Report and financial statements 2016**

### **Officers and professional advisers**

#### **Directors**

V. I. Westwood  
C. D'Amario

#### **Secretary**

C. D'Amario

#### **Company Number**

02682271 (England and Wales)

#### **Registered Office**

Westwood Studios  
9-15 Elcho Street  
London SW11 4AU

#### **Auditor**

Deloitte LLP  
Statutory Auditors  
London

# Vivienne Westwood Limited

## Strategic report

The directors present their strategic report and the financial statements of Vivienne Westwood Limited for the year ended 31 December 2016.

### Review of the business and future developments

The brand continues to remain attractive to its wide customer base as sales growth demonstrates. The focus remains on improving the existing stores and repositioning the brand perception of the various Vivienne Westwood lines. In addition we are reviewing the lines currently available with the objective of streamlining the portfolio. The company still has major ambitions to establish a better presence in relatively new markets such as China and USA and increase market share in existing territories like France, Italy and Japan. The policy of cost tightening will also remain in place which should maximise profitability going forward.

The Company is also undergoing a strategic review to create a new operating structure. This would allow us to optimise processes and the overall efficiency of the business.

The position of the company can be seen on page 10 in the balance sheet.

### Risk management and financial instruments

The directors regularly monitor the risks and uncertainties of the business.

- **Operating risk:** the company management system provides a framework to ensure that operational policies and procedures are communicated, understood and adhered to.
- **Market risk:** the company maintains its competitive position by actively managing its operational risk. It also provides a high level of service to its customers and maintains a good relationship with its suppliers and partners.
- **Personnel risk:** the company places great emphasis on ongoing assessment of competent staff. The Directors consider succession planning issues on a regular basis.

### Matters of strategic importance

Vivienne Westwood is one of the last independent fashion companies within the international arena. Currently the company produces four clothing labels, leather goods, jewellery and a range of other accessories, fragrances and homeware. The turnover is mainly based on retail and wholesale sales. 2016 proved to still be a challenging year for the company but there were some positive signs as the turnover and gross profit rose by 11% and 1.86% respectively compared to 2015. The company has seen an increase in wholesale sales (37.32%) and retail sales (5.37%). Margins are still under pressure due to the nature of wider retail conditions. Cost of sales increased by 19.89% due in part to a weak GBP following Brexit. The company has been focussing on alleviating this pressure by reviewing pricing and committing to maintaining this on an ongoing basis moving forward.

We are working on repositioning the brand perception of both the main and diffusion lines by rationalising our line portfolio. We have been redeveloping our website which should better convey our brand message and improve the customer journey in order to boost online sales. During 2016 we have worked hard to control inventory management and cash flow and this will continue to improve in alliance with our prudent cost cutting. Paramount to the company will be to constantly improve the quality of our products as well as working to minimize the company's environmental footprint in line with our founder's motto "Buy less, choose well, make it last".

# Vivienne Westwood Limited

## Strategic report (continued)

### Key performance indicators

To track the financial performance of the company, the directors monitor key performance indicators. These include the following:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Turnover	37,502	33,786	31,968	29,471
Gross profit margin	46.0%	49.3%	48.4%	46.1%
Profit before tax	1,933	2,346	2,991	3,229
Cash flow from operations	(1,614)	5,398	1,449	1,776

No additional key performance indicators, either financial or otherwise, are necessary to understand the company's position and performance.

On behalf of the board

C. D'Amario  
Director

21/3/2018

Westwood Studios  
9-15 Elcho Street  
London SW11 4AU

# **Vivienne Westwood Limited**

## **Directors' report**

The directors submit their report and the financial statements of Vivienne Westwood Limited for the year ended 31 December 2016.

### **Revision of Accounts**

Under section 454 of Companies Act 2006 (the Act) the directors have authority to revise annual financial statements. The directors confirm that these revised financial statements replace the original financial statements for the year ending 31 December 2016, which were approved by the board on 7th November 2017, and they are now the statutory financial statements. The revised financial statements are amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements. The original financial statements did not comply with the Act by virtue of the balance sheet in the original financial statements (pag.10) understated Total assets less current liabilities by £1,306 due to a clerical error. This has not impacted the total amount of Net Assets. Also Note 17 Reserves (pag.21) in the original financial statements overstated Retained earnings by £100 due to a typographical error. The Act requires that where revised financial statements are issued, a revised auditor's report is issued and this is attached.

### **Principal activities & future developments**

The principal activities of the company during the year were those of designers, manufacturers, wholesalers and retailers of fashion apparel.

The directors don't foresee any changes in the turnover and the company's activities other than the change described in the post balance sheet events' paragraph.

### **Dividends**

The directors paid a dividend in the year of £1,000,000 (2015: £1,500,000) in respect of the year ended 31 December 2015. The directors do not propose a final dividend for 2016: (2015: £1,000,000).

### **Directors**

The following directors held office since 1 January 2016:

V. I. Westwood

C. D'Amario

### **Strategic report**

Information is not shown within the Directors' Report as it is instead included with the Strategic Report on page 3, under S414C (11) of the Companies Act 2006.

### **Financial risk**

Financial monitoring, forecasting and planning is a continuous process, with particular emphasis on cash flow management and delivering a cost effective service to customers while maintaining an acceptable return to shareholders.

The company aims to minimise foreign exchange risk and does not speculate on currency exchange rate movements.

A large proportion of trade is made in Euros, US Dollars and Japanese Yen and the company hedges the exchange risk by using its Euro, USD and Yen bank accounts.

The main financial instruments held by the Company are trade debtors, trade creditors and cash.

### **Employee involvement**

The Company encourages the involvement of its employees in its management through regular meetings which have responsibility for the dissemination of information of particular concern to employees and for receiving their views on important matters of policy.

# Vivienne Westwood Limited

## Directors' report

### Disabled persons

The Company will continue to employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise.

During employment the Company seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

### Charitable donations

The company made charitable donations of £ 273,011 (2015: £119,659) to national charities in the year.

### Miscellaneous

Vivienne Westwood Limited has an overseas branch in Thailand. The Representative Office was constituted on 11<sup>th</sup> October 2016. It is consolidated into this financial statement.

### Post balance sheet events

The economic ownership of the Vivienne Westwood's trademarks will be transferred from 1<sup>st</sup> January 2017 from the parent company Latimo SA to Vivienne Westwood Limited.

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved by the Board and signed on its behalf by:

C. D'Amario  
Director

21/3/2018

Westwood Studios  
9-15 Elcho Street  
London SW11 4AU

# **Vivienne Westwood Limited**

## **Directors' responsibilities statement**

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgements 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.

Under section 454 of the Act the directors have authority to revise annual financial statements, strategic reports and directors' reports if they do not comply with the Act. The revised financial statements and reports must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.



## **Independent auditor's report to the members of Vivienne Westwood Limited**

We have audited the revised financial statements of Vivienne Westwood Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

These revised financial statements replace the original financial statements approved by the directors on 7 November 2017. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

This report is made solely to the company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. 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 under those regulations and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Director's Responsibilities Statement, the directors are responsible for the preparation of the revised 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 revised financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the revised financial statements**

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

The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

### **Opinion on financial statements**

In our opinion the revised financial statements:

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

### **Emphasis of matter – Revision of Balance Sheet and Note 17**

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 22 to these revised financial statements concerning the need to revise the Balance Sheet and Note 17.. The original financial statements were approved on 7 November 2017 and our previous report was signed on 8 November 2017. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report.

## **Independent auditor's report to the members of Vivienne Westwood Limited (continued)**

### **Opinion on matters prescribed by the Companies Act 2006**

In our opinion the original financial statements for the year ended 31 December 2016 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in the Note 22 to these revised financial statements.

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


- the information given in the Strategic Report and the revised Directors' Report for the financial year for which the revised financial statements are prepared is consistent with the revised financial statements; and
- the Strategic Report and the revised 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 revised Directors' Report.

### **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 revised 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.



Sukhbinder Kooner (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
21 March 2018

## Vivienne Westwood Limited

### Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Turnover</b>	3	37,501,674	33,786,403
Cost of sales		(20,528,488)	(17,122,812)
<b>Gross profit</b>		16,973,186	16,663,591
Distribution costs		(1,539,175)	(1,162,835)
Administrative expenses		(14,067,882)	(12,997,718)
<b>Operating profit</b>		1,366,129	2,503,038
Interest receivable and similar income	4	566,742	219
Interest payable and similar expenses	5	(41)	(157,151)
<b>Profit before taxation</b>	6	1,932,830	2,346,106
Taxation	8	(2,393,015)	(529,843)
<b>Profit for the year</b>		(460,185)	1,816,263

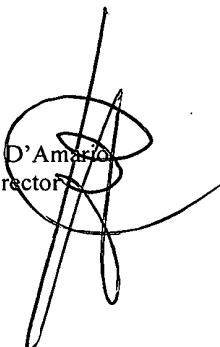
# Vivienne Westwood Limited

## Balance sheet

At 31 December 2016

	Note	Revised 2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	10	1,436,980	1,482,031
<b>Current assets</b>			
Stocks	11	4,797,391	4,778,993
Debtors	12	6,270,411	3,386,198
Cash at bank and in hand		8,617,050	11,177,930
		19,684,852	19,343,121
<b>Creditors: amounts falling due within one year</b>	13	(8,398,698)	(6,596,059)
<b>Net current assets</b>		11,286,154	12,747,062
<b>Total assets less current liabilities</b>		12,723,134	14,229,093
<b>Provisions for liabilities</b>	15	(58,468)	(104,246)
<b>Net assets</b>		12,664,666	14,124,847
<b>Capital and reserves</b>			
Called up share capital	16	100	100
Profit and loss account	17	12,664,566	14,124,747
<b>Total equity</b>		12,664,666	14,124,847

The financial statements of Vivienne Westwood Limited (registered number 02682271) were approved by the board of directors and authorised for issue on 21/3/2018. They were signed on its behalf by:

  
 C. D'Amario  
 Director

## Vivienne Westwood Limited

### Statement of changes in equity At 31 December 2016

	Share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2015</b>	100	13,808,484	13,808,584
Total comprehensive income for the year	-	1,816,263	1,816,263
Dividends	-	(1,500,000)	(1,500,000)
<b>Balance at 31 December 2015</b>	100	14,124,747	14,124,847
Total comprehensive loss for the year	-	(460,185)	(460,185)
Dividends	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2016</b>	100	12,664,566	12,664,666

# Vivienne Westwood Limited

## Cash flow statement

For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Operating activities</b>	18		
Cash generated from operations		(1,293,720)	5,823,307
Interest paid		(41)	(1,439)
Income taxes paid		(320,146)	(423,036)
<b>Net cash from operating activities</b>		<u>(1,613,907)</u>	<u>5,398,832</u>
<b>Investing activities</b>			
Interest received		-	219
Payments to acquire property, plant and equipment		(513,715)	(723,085)
<b>Net cash used in investing activities</b>		<u>(513,715)</u>	<u>(722,866)</u>
<b>Financing</b>			
Dividends paid		(1,000,000)	(1,500,000)
<b>Net cash used in financing activities</b>		<u>(1,000,000)</u>	<u>(1,500,000)</u>
<b>Net increase in cash and cash equivalents</b>		<u>(3,127,622)</u>	<u>3,175,966</u>
<b>Cash and cash equivalents at beginning of year</b>		11,177,930	8,157,676
Effect of foreign exchange rate changes		566,742	(155,712)
<b>Cash and cash equivalents at end of year</b>		<u><u>8,617,050</u></u>	<u><u>11,177,930</u></u>

# Vivienne Westwood Limited

## Detailed trading and profit and loss account

For the year ended 31 December 2016

### 1. Accounting policies

#### a. General information

Vivienne Westwood Limited ("the Company") is a private limited company by way of shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the Company's registered office and principal place of business is Westwood Studios, 9-15 Elcho Street, London, SW11 4AU.

The company's principal activities are disclosed in the Directors' Report.

#### b. Basis of accounting

These financial statements are prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention.

#### c. Going concern

The directors confirm that they are satisfied that the company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### d. Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value over its expected useful life, as follows:

Leasehold property improvements	over life of lease from commencement of use with a maximum of 10 years
Fixtures and fittings	20% straight line
Office and computer equipment	25% straight line
Motor Vehicles	25% straight line
Plant and Machinery	straight line over 3 years

#### e. Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

#### f. Leases

##### *Operating leases*

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

## **Vivienne Westwood Limited**

### **Detailed trading and profit and loss account**

For the year ended 31 December 2016

#### **1. Accounting policies (continued)**

##### **g. Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **h. Foreign currencies**

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains and losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

##### **i. Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

##### **j. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



## **Vivienne Westwood Limited**

### **Detailed trading and profit and loss account**

For the year ended 31 December 2016

#### **k. Financial assets**

All financial assets are recognised and derecognised on a trade date where the purchase or sales of a financial asset is under a contract whose terms require delivery of a financial asset within the timeframe established by the market concerned, and are initially measured at a fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

##### *Trade debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### **l. Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments 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 Company after deducting all of its liabilities.

##### *Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

#### **m. Provisions**

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### **2. Critical accounting estimates & judgments**

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

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

#### *Key source of estimation uncertainty – impairment of intangible assets*

Closing Stock requires an estimation of the seasonal stock value.

## Vivienne Westwood Limited

### Detailed trading and profit and loss account

For the year ended 31 December 2016

#### 2. Critical accounting estimates & judgments (continued)

The value of old season stock requires an estimation of items which are not sold in the following year. Their value is determined using a suitable discount rate. The carrying amount of stock at the balance sheet date is £4,797,391 after provision.

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

The Directors do not believe there to be any critical judgements in the preparation of these financial statements.

#### 3. Turnover

An analysis of the Company's turnover by class of business is as follows:

	2016 £	2015 £
<b>Continuing operations:</b>		
Sale of goods	30,542,162	26,969,667
Commissions	2,459,493	2,621,245
Consultancy recharges to Latimo SA	3,890,726	3,790,564
Royalties	609,293	404,927
	<u>37,501,674</u>	<u>33,786,403</u>

An analysis of the geographical location of the Company's turnover is as follows:

	2016 £	2015 £
U.K.	23,083,433	21,395,653
Italy	4,249,684	3,702,209
Luxembourg	3,166,244	2,901,262
Japan	2,878,908	2,785,899
South Korea	730,738	375,627
U.S.	723,925	497,746
H.K.	669,508	791,775
France	552,852	282,462
European Community Other	501,703	129,498
Rest of the World	944,679	924,272
	<u>37,501,674</u>	<u>33,786,403</u>

#### 4. Interest receivable and similar income

	2016 £	2015 £
Bank and other interest	-	219
Exchange differences	566,741	-
	<u>566,741</u>	<u>-</u>

## Vivienne Westwood Limited

### Detailed trading and profit and loss account

For the year ended 31 December 2016

#### 5. Interest payable and similar expenses

	2016 £	2015 £
Exchange differences	-	155,712
Other interest payable	41	1,439
	<u>41</u>	<u>1,439</u>

#### 6. Profit before taxation

Profit before taxation is stated after charging:

	2016 £	2015 £
Auditor's remuneration - statutory audit	48,000	43,000
- taxation services	8,000	54,310
Stock recognised as an expense	13,874,156	11,671,467
Depreciation - owned assets	563,134	259,896
Operating lease charges	2,435,842	2,377,392
	<u>16,929,132</u>	<u>14,365,965</u>

#### 7. Employees

The average monthly number of full time equivalent persons (including directors) employed by the company during the year was:

	2016 No.	2015 No.
Administration	60	54
Design and production	77	68
Retail and marketing	160	152
	<u>297</u>	<u>274</u>
	£	£
Staff costs for above persons:		
Wages and salaries	8,258,542	7,579,310
Social security costs	799,506	737,890
Pension costs	67,161	49,889
	<u>9,125,209</u>	<u>8,367,089</u>
<b>Directors' remuneration</b>		
Directors' emoluments	<u>56,000</u>	<u>166,000</u>

There were no directors receiving retirement benefits (2015: None).

The total remuneration including employer's NI of the directors and the area managers of each division, who are considered to be the key management personnel of the Company, was £718,914 (2015: £946,157).

## Vivienne Westwood Limited

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#### 8. Taxation

	2016 £	2015 £
<b>Current tax:</b>		
UK corporation tax on profits of the year	1,294,345	467,516
Adjustments in respect of prior periods	1,144,446	(11,001)
<b>Total current tax</b>	<b>2,438,792</b>	<b>456,515</b>
<b>Deferred taxation:</b>		
Origination and reversal of timing differences	(53,767)	73,328
Adjustment in respect of previous periods	7,990	-
	<b>(45,777)</b>	<b>73,328</b>
<b>Tax on profit</b>	<b>2,393,015</b>	<b>529,843</b>
<b>Factors affecting tax expense for the year:</b>		
The tax assessed for the year is the effective rate of corporation tax in the UK of 20 % (2015: 20.25%):		
Profit before tax	1,932,830	2,346,106
Profit multiplied by effective rate of corporation tax UK of 20% (2015: 20.25%)	386,566	475,066
Effects of:		
Transfer Pricing Adjustments	860,776	-
Expenses not deductible for tax purposes	3,555	44,489
Expenses not deductible for tax purposes – fixed assets		24,598
Adjustments in respect of previous periods	1,152,436	(11,001)
Other reconciling differences	(10,318)	(2,017)
Land remediation relief	-	(1,292)
	<b>2,393,015</b>	<b>529,843</b>

#### 9. Dividends

	2016 £	2015 £
<b>Ordinary:</b>		
Dividends paid in respect of the year ended 31 December 2015	-	1,000,000

## Vivienne Westwood Limited

### Detailed trading and profit and loss account

For the year ended 31 December 2016

#### 10. Tangible fixed assets

	Leasehold property improvements £	Plant and Machinery £	Fixtures and fittings £	Office & computer equipment £	Motor vehicles £	Total £
<b>Cost</b>						
1 January 2016	1,370,271	-	1,403,391	853,300	157,879	3,784,841
Additions	40,486	163,748	242,685	66,797	-	513,715
	<u>1,410,757</u>	<u>163,748</u>	<u>1,646,076</u>	<u>920,097</u>	<u>157,879</u>	<u>4,298,557</u>
31 December 2016						
<b>Depreciation</b>						
1 January 2016	803,100	-	708,638	698,550	92,520	2,302,808
Charged in the year	35,665	21,118	350,894	118,285	37,172	563,134
	<u>838,765</u>	<u>21,118</u>	<u>1,059,532</u>	<u>816,836</u>	<u>129,692</u>	<u>2,865,942</u>
31 December 2016						
<b>Net book value</b>						
31 December 2016	<u>571,992</u>	<u>142,629</u>	<u>586,544</u>	<u>103,261</u>	<u>28,187</u>	<u>1,432,614</u>
31 December 2015	<u>567,172</u>	<u>-</u>	<u>694,753</u>	<u>154,750</u>	<u>65,359</u>	<u>1,482,033</u>

#### 11. Stocks

	2016 £	2015 £
Raw materials and consumables	12,774	32,111
Finished goods and goods for resale	<u>4,784,617</u>	<u>4,746,882</u>
	<u>4,797,391</u>	<u>4,778,993</u>

## Vivienne Westwood Limited

### Detailed trading and profit and loss account

For the year ended 31 December 2016

#### 12. Debtors

	2016 £	2015 £
<b>Due within one year</b>		
Trade debtors	1,940,340	1,407,099
Amounts due from related undertakings		
Amounts due from group undertakings	3,410,689	1,301,360
Other debtors	188,444	151,678
Prepayments and accrued income	399,594	268,811
	<u>5,939,067</u>	<u>3,128,948</u>
<b>Due after more than one year</b>		
Amounts due from related undertakings	225,000	225,000
Other debtors	106,344	32,250
	<u>6,270,411</u>	<u>3,386,198</u>

Amounts due from group undertakings are not interest bearing and unsecured.

#### 13. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	4,146,658	4,619,350
Amounts due to group undertakings	4,625	-
Corporation tax	2,294,664	176,018
Other taxation and social security	1,120,975	1,199,653
Other creditors	(183)	42,656
Accruals	831,959	558,382
	<u>8,398,698</u>	<u>6,596,059</u>

Amounts due to group undertakings are not interest bearing and unsecured.

#### 14. Financial instruments

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost	<u>6,175,319</u>	<u>3,305,090</u>
Financial liabilities measured at amortised cost	<u>4,983,059</u>	<u>5,220,388</u>

#### 15. Provisions for liabilities

Deferred tax accounted for in the financial statements is as follows:

	Amount provided	
	2016 £	2015 £
Excess of tax allowances over depreciation	<u>58,468</u>	<u>104,246</u>

## Vivienne Westwood Limited

### Detailed trading and profit and loss account

For the year ended 31 December 2016

#### 15. Provisions for liabilities (continued)

Movement on provisions:

	Deferred tax provision £
Liability at 1 January 2016	104,246
Charge to profit or loss	(45,778)
Liability at 31 December 2016	<u>58,468</u>

The Directors do not expect a significant reversal of these deferred tax items to occur in the 12 months following the balance sheet date.

#### 16. Share capital

	2016 £	2015 £
<b>Allotted, issued and fully paid:</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The Ordinary shares carry all rights normally ascribed to Ordinary shares.

#### 17. Reserves

Reserves of the Company represent the following:

	Revised 2016 £	2015 £
<b>Retained earnings</b>		
Cumulative profit and loss net of distributions to owners	<u>12,664,566</u>	<u>14,124,747</u>

## Vivienne Westwood Limited

### Detailed trading and profit and loss account

For the year ended 31 December 2016

#### 18. Reconciliation of profit after tax to net cash generated from operations

	2016 £	2015 £
Loss after tax	(460,185)	1,816,263
Adjustments for:		
Depreciation and amortisation	563,134	259,896
Interest receivable	-	(219)
Interest payable	41	1,439
Foreign exchange	(566,742)	155,712
Taxation	2,393,015	529,843
Operating cash flows before movements in working capital	1,929,262	2,762,934
Increase in stocks	(18,398)	(746,296)
(Increase) /Decrease in trade and other debtors	(2,884,213)	3,387,332
(Decrease)/Increase in trade and other creditors	(320,371)	419,337
Cash generated from operations	(1,293,720)	5,823,307

#### 19. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases for fixed assets are as follows:

	2016 £	2015 £
Amounts due:		
Within one year	136,780	2,380,572
Between one and five years	3,697,300	6,435,198
After five years	7,485,292	2,608,724
	11,319,372	11,424,494

#### 20. Control

V. I. Westwood and A. Kronthaler are the ultimate controlling shareholders of the company. Latimo SA, incorporated in Luxembourg, is the immediate parent company, and 41 Isabella SA, 8 Rue Du Marche'-Aux-Herbes, 1728 Luxembourg, is the ultimate parent company. Latimo SA is the largest and smallest Group. The consolidated accounts of Latimo SA are available from its registered office, 8 Rue Du Marche'-Aux-Herbes, 1728 Luxembourg.

#### 21. Subsequent Events

There are no subsequent events to report other than the ones described in the Director's Report.

#### 22. Revision of Balance Sheet and Note 17

These are the revised financial statements as per the "Revision of Accounts" paragraph in the Directors' Report (on page 5). The balance sheet in the original financial statements (page 10) understated Total assets less current liabilities by £1,306 due to a clerical error. This has not impacted the total amount of Net Assets. Also Note 17 Reserves (page 21) in the original financial statements overstated Retained earnings by £100 due to a typographical error.



## Vivienne Westwood Limited

### Detailed trading and profit and loss account

For the year ended 31 December 2016

#### 23. Related party transactions

	2016 £	2015 £
<b>Directors' current accounts</b>		
Included in other debtors/(creditors) at the year end:		
C. D'Amario	6,826	(38,277)
V.I. Westwood	88,087	4,579
A. Kronthaler (spouse of V.I. Westwood)	26,432	(890)
	<u>119,345</u>	<u>(34,588)</u>

The maximum amounts outstanding during the year in regard to the directors' current accounts were £6,826 for C. D'Amario, £88,087 for V.I. Westwood and £26,432 for A. Kronthaler. No interest is charged on these balances.

**Vivienne Westwood (Property) Limited** is a company incorporated in the United Kingdom. V.I. Westwood is a director and has ultimate control of the company.

	2016 £	2015 £
Rent paid to Vivienne Westwood (Property) Limited	650,000	650,000
Administration charges	2,000	2,000
	<u>652,000</u>	<u>652,000</u>

**Elcho Property Limited** is a company incorporated in the United Kingdom whose directors are V.I. Westwood and C. D'Amario.

	2016 £	2015 £
Rent paid to Elcho Property Limited	595,000	586,761
Administration charges	2,000	2,000
Included within debtors at the year end:		
Due from related undertakings after more than one year	<u>225,000</u>	<u>225,000</u>

**VW Parfum Limited** is a company incorporated in the United Kingdom which is a fellow subsidiary undertaking of Latimo SA.

	2016 £	2015 £
Included within creditors at the year end:		
Due to group undertakings in less than one year	<u>-</u>	<u>-</u>

## Vivienne Westwood Limited

### Detailed trading and profit and loss account

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#### 23. Related party transactions (continued)

Vivienne Westwood S.r.l. is a company incorporated in Italy which is a fellow subsidiary undertaking of Latimo SA.

	2016 £	2015 £
Amount receivable from Vivienne Westwood S.r.l. in respect of commission	2,369,581	2,503,229
Amount receivable from Vivienne Westwood S.r.l. in respect of PR agreement	764,215	632,721
Amount receivable from Vivienne Westwood S.r.l. in respect of visual merchandising and sampling	163,392	180,872
Amount receivable from Vivienne Westwood S.r.l. in respect of goods sold	220,721	144,742
Amount receivable from Vivienne Westwood S.r.l. in respect of miscellaneous sales	224,571	121,368
Amount payable to Vivienne Westwood S.r.l. in respect of commission	56,170	22,627
Amount payable to Vivienne Westwood S.r.l. in respect of PR agreement	-	-
Amount payable to Vivienne Westwood S.r.l. in respect of IT costs	55,033	76,210
Amount payable to Vivienne Westwood S.r.l. in respect of goods purchased	3,953,777	2,934,655
Amount payable to Vivienne Westwood S.r.l. in respect of consulting services	95,946	72,352
Included within debtors at the year end:		
Due from group undertakings in less than one year	<u>1,183,202</u>	<u>335,967</u>

Vivienne Westwood S.a.r.l. is a company incorporated in France which is a fellow subsidiary undertaking of Latimo SA.

	2016 £	2015 £
Amount receivable from Vivienne Westwood S.a.r.l. in respect of goods sold	236,557	52,878
Amounts receivable from Vivienne Westwood S.a.r.l. in respect of miscellaneous sales	81,727	88,794
Amount payable to Vivienne Westwood S.a.r.l. in respect of commission	145,906	90,528
Amount payable to Vivienne Westwood S.a.r.l. in respect of PR agreement	101,128	42,299
Included within debtors at the year end:		
Due to group undertakings in less than one year	<u>4,625</u>	<u>304,107</u>

Latimo SA is a company incorporated in Luxembourg which is the immediate parent of Vivienne Westwood Limited.

	2016 £	2015 £
Amount receivable from Latimo SA in respect of design agreement	2,786,367	2,885,128
Amount receivable from Latimo SA in respect of miscellaneous sale	17,665	-
Licence fees paid to Latimo SA	1,858,760	1,382,208
Included within debtors at the year end:		
Due from group undertaking in less than one year	<u>1,587,648</u>	<u>642,930</u>

## Vivienne Westwood Limited

### Detailed trading and profit and loss account

For the year ended 31 December 2016

#### 23. Related party transactions (continued)

**Rio Bravo Inc** is a company incorporated in the United States of America which is a fellow subsidiary undertaking of Latimo SA.

	2016 £	2015 £
Amount receivable from Rio Bravo Inc in respect of goods sold	481,874	233,462
Amount receivable from Rio Bravo in respect of miscellaneous sales	110,199	47,403
Amount payable to Rio Bravo in respect of PR agreement	45,327	-
Included within debtors at the year end:		
Due from group undertakings in less than one year	<u>639,839</u>	<u>20,309</u>

**VIW Vertrieb GmbH** is a company incorporated in Germany. V.I. Westwood controls the company.

	2016 £	2015 £
Amounts receivable from VIW Vertrieb GmbH in respect of goods sold	64,698	37,576
Amount receivable from VIW Vertrieb GmbH in respect of miscellaneous sales	136,383	(20,315)
Included within debtors at the year end:		
Due from related undertakings in less than one year	<u>466,055</u>	<u>-</u>