

VIVIENNE WESTWOOD LIMITED
REPORT AND FINANCIAL STATEMENTS
1995



Company number 2682271

VIVIENNE WESTWOOD LIMITED
REPORTS AND FINANCIAL STATEMENTS

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VIVIENNE WESTWOOD LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Director	V Westwood
Secretary	Temple Secretarial Limited
Auditor	Wells & Co. Chartered Accountants & Registered Auditors
Solicitors	Withers
Bankers	Lloyds Bank Plc
Registered office	12 Gough Square London EC4A 3DE
Company number	2682271

VIVIENNE WESTWOOD LIMITED

REPORT OF THE DIRECTOR

The director submits her report and the audited financial statements for the year ended 31st December 1995.

PRINCIPAL ACTIVITY

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

RESULTS AND REVIEW OF THE BUSINESS

A summary of the results of the year's trading is given on page 5 of the accounts.

The director is pleased to report that the company has increased turnover by 47% in the current financial year.

The company has secured several licensing agreements which will substantially increase awareness of the Vivienne Westwood designs world-wide. By December 1996 a new flagship couture shop will be opened in London.

DIVIDENDS AND TRANSFERS TO RESERVES

The director does not recommend the payment of a dividend. The profit for the financial year after tax transferred to reserves was £608,611 (1994- £236,695).

DIRECTOR AND HER INTERESTS

The director who served during the year and her beneficial interests in the ordinary share capital were as follows:

	1994 and 1995 Number
V Westwood	100
	=====

FIXED ASSETS

The company purchased freehold premises at a cost of £602,511 and computer equipment and office furniture during the year. The company loaned Vivienne Westwood (Property) Limited £1,249,043, details of which are provided in note 11, page 12.

VIVIENNE WESTWOOD LIMITED

REPORT OF THE DIRECTOR

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view. In preparing those statements, the director is required to:

select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

prepare the financial statements on the going concern basis unless it is not appropriate to presume that the company will not continue in business.

The director is responsible for keeping proper accounting records, for safeguarding the assets of the company and 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.

AUDITORS

A resolution to re-appoint Wells & Co. as auditors to the company will be proposed at Annual General Meeting.

By order of the Board of Directors
and signed on behalf of the Board



Temple Secretarial Limited
Company Secretary

7 November 1996

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

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of the director and auditors

As described on page 3 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 those 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 directors 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 state of the company's affairs at 31 December 1995 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

7 November 1996



Wells & Co.,
Chartered Accountants
and
Registered Auditor

VIVIENNE WESTWOOD LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1995

	Notes	1995 £	1994 £
TURNOVER	2	4,931,921	3,357,185
Cost of sales		2,937,845	1,575,597
		<hr/>	<hr/>
GROSS PROFIT		1,994,076	1,781,588
		<hr/>	<hr/>
Distribution costs		1,333,185	1,016,484
Administrative expenses		561,009	452,565
Other operating income	5	(832,360)	(62,569)
		<hr/>	<hr/>
		1,061,834	1,406,480
		<hr/>	<hr/>
OPERATING PROFIT	3	932,242	375,108
Other interest receivable and similar income	6	15,075	7,385
Interest payable and similar charges	8	(28,531)	(22,959)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		918,786	359,534
Tax on profit on ordinary activities	8	310,175	122,839
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR RETAINED, TRANSFERRED TO RESERVES	18	608,611	236,695
		<hr/> <hr/>	<hr/> <hr/>

The company has no other recognised gains and losses.

All amounts relate to continuing operations.

VIVIENNE WESTWOOD LIMITED

BALANCE SHEET

31 DECEMBER 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Intangible assets	9	5,259	-
Tangible assets	10	1,034,647	388,038
Investments	11	1,249,043	-
		<hr/>	<hr/>
		2,288,949	388,038
CURRENT ASSETS			
Stock	12	571,928	447,364
Debtors	13	853,967	300,580
Cash at bank and in hand		904	402,664
		<hr/>	<hr/>
		1,426,799	1,150,608
CREDITORS- Amounts falling due within one year	14	(2,453,370)	(861,243)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(1,026,571)	289,365
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,262,378	677,403
CREDITORS- Amounts falling due after more than one year	15	(219,698)	(243,334)
		<hr/>	<hr/>
		1,042,680	434,069
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	100	100
Profit and loss account	17	1,042,580	433,969
		<hr/>	<hr/>
SHAREHOLDERS FUNDS	18	1,042,680	434,069
		<hr/>	<hr/>

Approved on 7 November 1996 on behalf of the Board of Directors by

V Westwood

V. P. Westwood

Director

VIVIENNE WESTWOOD LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1995

	Notes	1995 £	1994 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	1,478,255	174,801
RETURN ON INVESTMENTS AND SERVICING OF FINANCE		<hr/>	<hr/>
Interest receivable and similar income		15,075	7,385
Interest paid		(28,531)	(22,959)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<hr/> (13,456) <hr/>	<hr/> (15,574) <hr/>
CORPORATION TAX PAID		(101,945)	-
INVESTING ACTIVITIES		<hr/>	<hr/>
Payments to acquire intangible fixed assets		(6,574)	-
Payments to acquire tangible fixed assets		(670,552)	(44,363)
Loans		(1,249,043)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<hr/> (1,926,169) <hr/>	<hr/> (44,363) <hr/>
NET CASH INFLOW BEFORE FINANCING		<hr/> 563,315 <hr/> <hr/>	<hr/> 114,864 <hr/> <hr/>
FINANCING			
New short term loans		-	(85,000)
Repayment	21	23,636	23,030
NET CASH OUTFLOW FROM FINANCING		<hr/> 23,636 <hr/>	<hr/> (61,970) <hr/>
DECREASE IN CASH AND CASH EQUIVALENTS	20	<hr/> (586,951) <hr/>	<hr/> 176,834 <hr/>
		<hr/> (563,315) <hr/> <hr/>	<hr/> 114,864 <hr/> <hr/>

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

1. ACCOUNTING POLICIES

The financial statements have prepared in accordance with statements of standard accounting practice issued by UK accountancy bodies. The particular accounting policies adopted are described below.

a) Accounting convention

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

b) Intangible fixed assets

Trade marks are depreciated over ten years

c) Tangible fixed assets

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

	%
Fixtures, fittings and equipment	25
Motor vehicles	25

No depreciation is provided in respect of freehold land.

d) Stock

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

e) Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities and is stated net of valued added tax.

f) Operating leases

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

g) 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 crystallise in the future.

h) Pension costs

The pension cost charge to profit and loss account represents contributions payable by the company to the fund.

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

1. ACCOUNTING POLICIES continued

i) 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.

j) Royalties

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

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation is attributable to the one principal activity of the company and arises in the following geographical markets.

	1995 £	1994 £
European Community	3,294,941	2,318,730
Rest of the World	1,636,980	1,038,455
	<hr/>	<hr/>
	4,931,921	3,357,185
	<hr/> <hr/>	<hr/> <hr/>

3. OPERATING PROFIT

Operating profit is stated after charging:	£	£
Rentals under operating leases		
-Plant and equipment	8,459	2,241
-land and buildings	112,248	111,199
Depreciation: Intangible assets	1,315	-
Tangible fixed assets	23,943	35,013
Auditors' remuneration:		
Audit services	9,000	6,350
Other services	6,626	4,405
	<hr/>	<hr/>

4. DIRECTORS AND EMPLOYEES

The aggregate emoluments, including pension contributions, of the directors were:

	£	£
For management services	27,800	17,969
Compensation for loss of office	-	29,610
Pension costs	4,200	4,200
	<hr/>	<hr/>
	32,000	51,779
	<hr/> <hr/>	<hr/> <hr/>

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

4. DIRECTORS AND EMPLOYEES, CONT.

The average number, including executive director, employed by the company during the year was as follows:

	1995	1994
	No	No
Administration	12	9
Design and production	19	15
Retail and marketing	18	21
	<hr/>	<hr/>
	49	45
	<hr/> <hr/>	<hr/> <hr/>

The related staff costs were:

	£	£
Wages and salaries	696,990	476,348
Social security costs	71,892	44,989
Pension costs	8,528	5,916
	<hr/>	<hr/>
	777,410	527,253
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER OPERATING INCOME

	£	£
Royalties	366,751	62,569
Licence fees	465,609	-
	<hr/>	<hr/>
	832,360	62,569
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	£	£
Bank interest	15,075	7,385
	<hr/> <hr/>	<hr/> <hr/>

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

7. INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
Bank loans, overdrafts and other loans		
Wholly repayable within five years	19,234	6,541
Repayable after five years	9,297	13,678
Foreign exchange loss	-	2,740
	<hr/>	<hr/>
	28,531	22,959
	<hr/> <hr/>	<hr/> <hr/>

8. TAXATION

	£	£
United Kingdom corporation tax at 33% (1994-31.8%) based on the profit for the year	472,617	146,142
Deferred tax	(137,200)	(23,625)
Adjustment to prior years' tax provisions	(25,242)	322
	<hr/>	<hr/>
	310,175	122,839
	<hr/> <hr/>	<hr/> <hr/>

The deferred tax asset arises due to short term timing differences on advanced royalties.

9. INTANGIBLE FIXED ASSETS

	Trade Marks £
Cost	
Additions	6,574
	<hr/>
At 31.12.1995	6,574
	<hr/>
Accumulated depreciation Provided	1,315
	<hr/>
At 31.12.1995	5,259
	<hr/> <hr/>

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

10. TANGIBLE FIXED ASSETS

	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
Cost	£	£	£	£
At 1.1.1995	313,440	117,215	8,417	439,072
Additions	602,511	68,041	-	670,552
	<hr/>	<hr/>	<hr/>	<hr/>
At 31.12.1995	915,951	185,256	8,417	1,109,624
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1.1.1995	-	47,683	3,351	51,034
Provided	-	22,677	1,266	23,943
	<hr/>	<hr/>	<hr/>	<hr/>
At 31.12.1995	-	70,360	4,617	74,977
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31.12.1995	915,951	114,896	3,800	1,034,647
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31.12.1994	313,440	69,532	5,066	388,038
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11. FIXED ASSET INVESTMENT

	1995 £	1994 £
Other loans	1,249,043	-
	<hr/> <hr/>	<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 undertaking	Country of incorporation	Shares held Class	%
Casnell Limited	England and Wales	Ordinary	100

Casnell Limited has not traded in the year.

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNT

YEAR ENDED 31 DECEMBER 1995

12. STOCK	1995	1994
	£	£
Raw materials and consumables	62,588	54,454
Work in progress	147,067	87,262
Finished goods and goods for resale	362,273	305,648
	<hr/>	<hr/>
	571,928	447,364
	<hr/>	<hr/>
13. DEBTORS	£	£
Due within one year:		
Trade debtors	550,345	233,857
Other debtors	110,483	32,498
Prepayments and accrued income*	193,139	34,225
	<hr/>	<hr/>
	853,967	300,580
	<hr/>	<hr/>
*Included within prepayments and accrued income are:		
Deferred tax asset		
At 1 January	23,625	-
Short term timing differences	137,200	23,625
	<hr/>	<hr/>
At 31 December	160,825	23,625
	<hr/>	<hr/>
14. CREDITORS Amounts falling due within one year	£	£
Bank loans and overdraft	208,827	23,636
Trade creditors	869,957	475,523
Corporation tax	517,894	172,464
Other creditors	6,484	12,422
Other taxes and social security costs	22,138	87,898
Accruals and deferred income	828,070	89,300
	<hr/>	<hr/>
	2,453,370	861,243
	<hr/>	<hr/>

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

	1995 £	1994 £
15. CREDITORS Amounts falling due after more than one year		
Bank loans:		
Mortgage	165,000	165,000
Loan	54,698	78,334
	<hr/> 219,698 <hr/>	<hr/> 243,334 <hr/>
Borrowings:		
Bank loans and overdraft	196,458	-
Mortgage	165,000	165,000
Bank loan	67,067	101,970
	<hr/> 428,525 <hr/>	<hr/> 266,970 <hr/>
Analysis of loan repayments:		
Within one year	208,827	23,636
Within two to five years	54,698	78,334
After five years	165,000	165,000
	<hr/> 428,525 <hr/>	<hr/> 266,970 <hr/>
The bank loans and overdrafts are secured by a fixed and floating charge over all the company's assets.		
16. SHARE CAPITAL		
	£	£
Authorised:		
Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
17. PROFIT AND LOSS ACCOUNT		
Balance at 1st January	433,969	197,274
Profit retained for the year	608,611	236,695
	<hr/>	<hr/>
Balance at 31st December	1,042,580	433,969
	<hr/>	<hr/>

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

18. SHAREHOLDERS FUNDS

	1995 £	1994 £
Balance at 1st January	434,069	197,374
Profit for the year	608,611	236,695
	<hr/>	<hr/>
Balance at 31st December	1,042,680	434,069
	<hr/> <hr/>	<hr/> <hr/>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES :

	£	£
Operating profit	932,242	375,108
Depreciation: Intangible fixed assets	1,315	-
Tangible fixed assets	23,943	35,013
Increase in stock	(124,564)	(325,514)
Increase in debtors	(416,187)	(158,222)
Increase in creditors	1,061,506	248,416
	<hr/>	<hr/>
	1,478,255	174,801
	<hr/> <hr/>	<hr/> <hr/>

20. CASH AND CASH EQUIVALENTS

	Cash at bank and in hand	Bank overdraft	Total
	£	£	£
Balance at 31.12.1993	223,379	(21,185)	202,194
Net cash inflow 1994	179,285	(2,451)	176,834
	<hr/>	<hr/>	<hr/>
Balance at 31.12.1994	402,664	(23,636)	379,028
Net cash outflow 1995	(401,760)	(185,191)	(586,951)
	<hr/>	<hr/>	<hr/>
Balance at 31.12.1995	904	(208,827)	(207,923)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

VIVIENNE WESTWOOD LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

21. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank Loans £
Balance at 31.12 1993	181,364
New bank loan	85,000
Repayments of amounts borrowed	(23,030)
Balance at 31.12 1994	243,334
Repayments of amounts borrowed	(23,636)
Balance at 31.12.1995	219,698

22. OPERATING LEASE COMMITMENTS

At 31 December 1995 the company had commitments under non-cancellable operating leases as set out below:

	Land and buildings £
Operating leases which expire:	
Between two and five years	38,400
Over five years	56,500

23. PENSION SCHEME

The company operates two money purchase pension scheme for the directors and staff. The assets of the schemes are held separately from those of the company being invested with insurance companies. The pension cost charge represents contributions payable by the company to the funds. The pension charge for the year was £8,528 (1994-£5,916).

24. CONTINGENT LIABILITIES

The company has provided Lloyds Bank Plc with an unlimited guarantee in respect of the borrowings of Vivienne Westwood (Property) Limited, a company in which V Westwood is a director and shareholder.

25. DIRECTORS INTEREST

The company has a marketing representation and management services contract with Vivienne Westwood Srl, a company resident in Italy, in which V Westwood is a shareholder. The value of services provided to that company during the year was £ 456,000.