

Company Registration No. 4169969

Stella McCartney Limited

Report and Financial Statements

31 December 2009

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Stella McCartney Limited

Report and financial statements 2009

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Stella McCartney Limited

Report and financial statements 2009

Officers and professional advisers

Directors

A Babeau
S McCartney
H Newman
R Polet
C Solomon
A Willis

Secretary

Chalfen Secretaries Limited

Registered office

Chalegrove House
34-36 Perrymount Road
Haywards Heath
West Sussex
RH16 3DN

Bankers

HSBC Bank plc
40 South Road
Haywards Heath
West Sussex
RH16 4LU

Independent auditors

KPMG LLP
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

Stella McCartney Limited

Directors' report

Principal activity

The profit and loss account for the year is included on page 8.

The principal activity of the company continues to be the strategic development of the Stella McCartney brand through continued development, carefully selected partnerships and with the operation of the UK retail business.

Business Review

The Directors of Stella McCartney Limited are extremely pleased with the sustained progress that has been made with the Stella McCartney business during 2009 especially in light of the severe macro economic conditions that exist in the current climate. The Company recorded an encouraging increase in profits year on year. This is a great achievement that has clearly demonstrated the appeal of the brand through these challenging times.

In 2009 Stella McCartney Limited posted an operating profit of £2,281,514 (Net profit £2,108,212) which compares to a £2,182,475 operating profit in 2008 (Net profit £1,790,283) and to £1,370,317 operating profit in 2007. The company first turned to profit in 2006 (operating profit £395,000).

Gucci Group and Stella McCartney herself as ultimate shareholders of the business are delighted with the 2009 results and have confirmed to the Directors their intention to continue to give the business their full support, in accordance with the agreed strategic plan for the business.

Company Structure

Stella McCartney Limited is the UK legal entity within the worldwide Stella McCartney business. It is responsible for the strategic development of the global Stella McCartney brand and management (directly or through third parties) of the related businesses, in particular through the provision of design services and administration of trademarks and licences. The Company operates directly the Stella McCartney flagship store located at 30 Bruton St. London. However, the brand's substantial wholesale activities and the operation of its retail stores (six directly operated stores in US, France, and as of today Italy) are handled through related entities whose results are not reflected in the accounts of Stella McCartney Limited. As such, the financial statements presented in this report do not reflect a worldwide financial overview of the Stella McCartney business and should not be interpreted as such.

Strategy

Stella McCartney Limited was established in April 2001. The business has since continued to grow turning to profit in 2006. The 2009 results in harsh economic times have clearly demonstrated the success and resilience of the brand with sustained, profitable growth year on year.

The main focus of the brand still remains the womens' ready-to-wear collections with a broadening portfolio into accessories. The brand's ethos of existing and new products are congruent with the brand and Stella's principle of non use of leather and other animal products. Press exposure has been huge with continuing momentum year on year.

Stella McCartney Limited

Directors' report (continued)

In the current climate the company has consolidated its global market position with increased focus and support on existing partners worldwide. Strong partnerships have been maintained in key domains whilst always protecting the trademark in all regions.

The company's ongoing strategic licence collaborations have been in line with our expectations in 2009, the new GAP collaboration "Kids" proved highly successful globally, surpassing our expectations.

Given the structure of the Stella McCartney business, management do not consider it meaningful to discuss KPIs within the statutory accounts of Stella McCartney Ltd other than those relating to turnover and profit and loss accounts on page 8.

People

The Directors would like to acknowledge the special contribution of the company staff, who have collectively and individually done an outstanding job in such difficult macro economic circumstances. The results achieved would not be possible without the continued efforts and teamwork of the staff throughout the Company.

Risks & Uncertainties

The macro economic conditions are the key risk to any business albeit a business with a risk factor such as the fashion sector. There is increased confidence with the brand with its robust performance through a tough 2009 economic climate.

The principle risk to the business remains the unpredictable market conditions as a fashion and lifestyle company every season confronts Stella McCartney with the risk that new collections may not be received as well as anticipated. International events are attended constantly to identify key trends without compromising the essence of this company. This is evident with the collections shown which have been received very positively by the press season by season. The more established the brand becomes the more these risks are mitigated.

A key risk lies in trademark protection. Trademark protection is enforced mainly by securing and defending industrial property rights in various product categories and countries worldwide. This is a continuing activity.

Outlook

The macro economic environment with current global difficulties naturally pose a risk to our customer's propensity to spend. Management do feel however that the company is well positioned to deal with these adverse market conditions as demonstrated whilst the economy recovers. Continued opportunities exist to increase performance through leverage of the existing brand, people and assets employed.

Press enquiries should be directed to Stephane Jaspar at (001) 212 627 1583 or stephane.jaspar@us.stellamccartney.com

Results and dividends

The results for the year are set out in the profit and loss account – page 8. The Directors do not recommend the payment of a dividend (31st December 2008 - £nil).

Stella McCartney Limited

Directors' report (continued)

Financial Instruments

The company has no derivatives and does not trade in financial instruments.

The company operates within the United Kingdom and the majority of transactions are denominated in Sterling. Foreign currency transactions are monitored by the Directors to ensure that currency risks are kept at acceptable levels.

The company funds operations through agreements with other group companies

Directors

The Directors of the company during the year ended 31 December 2009 were as follows:

A Babeau
S McCartney
H Newman
R Polet
C Solomon
A Willis

Stella McCartney and Gucci Group each own 50% of the ordinary share capital of Stella McCartney Limited.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Political and charitable contributions

The company has been involved with various initiatives throughout 2009, the main project being "Shree Baba Haidakhan Charitable Hospital and Trust Foundation" an Indian charity that provides health care and medical centres to impoverished areas. These initiatives have resulted in charitable donations totalling £6,500, together with other product donations. This does not include any of Stella McCartney's personal charitable work.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors
and signed on behalf of the Board



Cheryl Solomon

Director

15th July 2010

Company registration number 4169969

Stella McCartney Limited

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the independent auditors to the members of Stella McCartney Limited
year ended 31 December 2009

We have audited the financial statements of Stella McCartney Limited for the year ended 31 December 2009 set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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 Practises Board (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Report of the independent auditors to the members of Stella McCartney Limited –
year ended 31 December 2009 (continued)**

Opinion on other matter 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

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



Sarah McCreath (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

8 Salisbury Square

London

EC4Y 8BB

15 July 2010

Stella McCartney Limited

Profit and loss account For year ended 31 December 2009

	Note	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Turnover	2	14,646,457	13,479,226
Cost of Sales		(1,258,879)	(1,180,202)
Gross Profit		13,387,578	12,299,024
Administrative Expenses		(11,184,597)	(10,198,056)
Other Operating Income		78,533	81,507
Operating profit	3	2,281,514	2,182,475
Interest receivable and similar income	6	12,310	87,264
Interest payable and similar charges	7	(171,514)	(431,356)
Profit on ordinary activities before taxation		2,122,310	1,838,383
Tax charge on profit on ordinary activities	8	(14,098)	(48,100)
Retained profit for the financial year	16	2,108,212	1,790,283

All results relate to continuing operations

There are no recognised gains or losses other than those passing through the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

Stella McCartney Limited

Balance sheet At 31 December 2009

	Note	31 December 2009 £	31 December 2008 £
Fixed assets			
Investments	9	24,510	24,510
Intangible assets	10	4,155,723	4,507,587
Tangible assets	11	1,266,014	1,549,882
		5,446,247	6,081,979
Current assets			
Stocks	12	471,085	450,158
Debtors	13	9,463,666	9,412,685
Cash at bank and in hand		2,232,134	1,843,498
		12,166,885	11,706,341
Creditors			
Amounts falling due within one year	14	(7,239,390)	(9,522,790)
Net current assets		4,927,495	2,183,551
Net assets		10,373,742	8,265,530
Capital and reserves			
Called up share capital	15	201	201
Share premium account	16	20,842,998	20,842,998
Profit and loss account	16	(10,469,457)	(12,577,669)
Total equity shareholders' funds	16	10,373,742	8,265,530

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors


Cheryl Solomon

Director

15th July 2010

Company registration number: 4169969

Stella McCartney Limited

Cash flow statement For year ended 31 December 2009

	Year Ended 31 December 2009	Year Ended 31 December 2008
Note	£	£
Net cash inflow from operating activities	A 1,325,748	3,266,060
Returns on investments and servicing of finance		
Interest received	12,310	87,264
Interest paid	(282,316)	(226,823)
Net cash outflow from returns on investment and servicing of finance	(270,006)	(139,559)
Taxation	(47,697)	(25,821)
Capital expenditure		
Purchase of intangible assets	(85,868)	(19,408)
Purchase of tangible assets	(33,541)	(134,670)
Net cash outflow from capital expenditure, taxation and financial investments	(167,106)	(179,899)
Net cash inflow before financing	888,636	2,946,602
Financing		
Loans repaid to group undertakings	(500,000)	(3,000,000)
Net cash outflow from Financing	(500,000)	(3,000,000)
Increase/(Decrease) in cash in the year	B,C 388,636	(53,398)

Stella McCartney Limited

Notes to the cash flow statement For year ended 31 December 2009

A. Reconciliation of operating profit to net cash inflow from operating activities

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Operating profit	2,281,514	2,182,475
Depreciation charges	317,409	343,109
Amortisation	437,732	454,460
(Decrease)/Increase in creditors	(1,638,999)	758,804
(Increase)/Decrease in stock	(20,927)	198,811
Increase in debtors	(50,981)	(671,599)
Net cash inflow from operating activities	1,325,748	3,266,060

B. Reconciliation of net cash flow to movement in net funds/(debt)

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Increase/(Decrease) in cash in year	388,636	(53,398)
Cash outflow from change in debt	500,000	3,000,000
Change in net debt resulting from cash flows	888,636	2,946,602
Opening net debt	(656,502)	(3,603,104)
Closing net funds/(debt)	232,134	(656,502)

C. Analysis of net funds

	At 1 January 2009 £	Cashflow £	At 31 December 2009 £
Cash at bank and in hand	1,843,498	388,636	2,232,134
Debt due within 1 year (included within intercompany creditors – See note 14)	(2,500,000)	500,000	(2,000,000)
Net funds/(debt)	(656,502)	888,636	232,134

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost accounting rules.

Consolidation

As the company is consolidated within the accounts of Gucci Group NV, it has taken advantage of the exemption provided in s400 of the Companies Act 2006 not to prepare group accounts. Therefore, these financial statements present information about the company as an individual undertaking and not about its group

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefit will flow to the company and the amount of revenue can be measured reliably.

The turnover shown in the profit and loss account, with the exception of royalty income, represents the invoiced value of goods and services supplied, exclusive of value added tax and settlement discounts. Retail revenue is recognised at point of sale in store and royalties are recognised on an accruals basis when the terms of the royalty contract have been met.

Foreign currencies

Transactions in foreign currencies are recorded at the 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. All exchange differences are taken to the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Intangible fixed assets

Trademarks are capitalised at cost and are amortised over their useful economic lives. The Directors estimate these to be between five and twenty years

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

1. Accounting policies (continued)

Tangible fixed assets

Fixed assets are stated at cost less depreciation and, when appropriate, provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	7% - 33% per annum
Fixtures and fittings	20% - 33% per annum
Computer equipment	20% per annum

Investments

Investments are stated at cost, less any provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks

Operating leases

Rentals paid under operating leases are charged as incurred over the lease term.

Pension scheme arrangements

The company contributes to employees' personal pension schemes. Contributions are charged to the profit and loss account in the period in which they are made.

Share based payments

Certain employees and Directors of the Company have been granted Gucci Group Share Appreciation Rights (SARs) by the parent company, which constitute cash-settled share based payments.

For cash-settled share based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value is measured based on an option pricing model taking into account the terms and conditions upon which the instruments were granted. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account

Long term incentive plans

In the past 3 years, certain executives of the Company were offered an annual bonus grant which is based on the achievement of financial targets by its parent Company, Gucci Group, over the course of the three year time frame.

The obligation of the Company over the term of this plan is estimated and its costs are spread over the length of the plan (3 years).

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

2. Turnover

Turnover and profit on ordinary activities before taxation are wholly attributable to the company's principal activity.

	Year Ended 31 December 2009	Year Ended 31 December 2008
	£	£
Trading Activities with third parties	2,358,897	2,029,222
Trading Activities with Gucci Group undertakings	12,720	4,019
Royalties from third parties	5,123,460	3,935,198
Royalties from Gucci Group undertakings	7,151,380	7,510,787
	14,646,457	13,479,226

3. Operating profit

	Year Ended 31 December 2009	Year Ended 31 December 2008
	£	£
Operating profit is stated after charging/(crediting).		
Depreciation charge for the year	317,409	343,109
Amortisation charge for the year	437,732	454,460
Auditors' remuneration		
audit fees	11,500	11,894
Rental Income from Properties	(78,533)	(81,507)
Operating leases – other	619,436	538,049
Loss/(Gain) on foreign exchange transactions	147,054	(1,344,728)
Loss/(Gain) on foreign currency deposits	76,090	(338,677)

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

4. Information regarding directors and employees

Directors' emoluments

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Aggregate emoluments	1,918,800	1,484,423
Company Pension Contributions	50,000	50,000
	<hr/>	<hr/>
	1,968,800	1,534,423
	<hr/>	<hr/>

Only one Director received remuneration from the Company.

Average number of persons employed (including executive Director) during the year

	Year Ended 31 December 2009 No.	Year Ended 31 December 2008 No.
Design	17	16
Administration	26	25
	<hr/>	<hr/>
	43	41
	<hr/>	<hr/>

Stella McCartney Limited

Notes to the accounts

For year ended 31 December 2009

4. Information regarding directors and employees (continued)

Staff costs (including executive Director) during the year

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Wages and salaries	4,476,348	4,767,716
Long term incentive plan	(87,067)	116,402
Share based payments (see note 5)		
- Change in the net liability	(226,434)	(169,599)
Social security costs	579,744	508,100
Other pension costs	88,794	92,608
	<hr/>	<hr/>
	4,699,176	5,315,227
	<hr/>	<hr/>

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

5. Cash-settled share-based payment transactions

The Gucci Group grants certain Stella McCartney Limited directors and employees Share Appreciation Rights (SARs) which constitute cash-settled share-based plans.

The nature and principal characteristics of these plans are presented below

SARS outstanding as at 01.01.09	7,600		
Weighted Average exercise price (in €/£)		44	39 08
SARS transferred in 2009	Nil		
Weighted Average exercise price (in €/£)		n/a	n/a
SARS exercised in 2009	(4,800)		
Weighted Average exercise price (in €/£)		46 22	41.05
SARS covered by early buyback program in 2009	Nil		
Weighted Average exercise price (in €/£)		n/a	n/a
SARS expired/forfeited in 2009	Nil		
Weighted Average exercise price (in €/£)		n/a	n/a
SARS outstanding as of 31.12.2009	2,800		
Weighted Average exercise price (in €/£)		40.18	35 68
SARS exercisable as of 31.12.2009	Nil		
Weighted Average exercise price (in €/£)		n/a	n/a

All SARs plans have a term of 10 years commencing on the grant date.

SARs vest at a rate of 10% per full year of employment, except on redundancy (excluding dismissal for gross negligence or misconduct) when all rights vest immediately. If an employee is dismissed for gross negligence or misconduct, all rights are lost.

The SAR exercise price is determined by applying price-earnings ratios for a basket of comparable companies to the results of the Gucci Group.

The weighted average exercise price of SARs outstanding as of 31 December 2009 range between €40.18 to €54.68 and the weighted average residual contractual term is 5.4 years (31 December 2008: 6.1 years)

The fair value of services rendered by beneficiaries is recalculated at each balance sheet date by an independent expert using an option valuation model, which is then adjusted for the time value of money.

Stella McCartney Limited

Notes to the accounts

For year ended 31 December 2009

5. Cash-settled share-based payment transactions (continued)

The fair value of the share appreciation rights at grant date is determined using a model such as the Black Scholes model with a trinomial algorithm. The model inputs included an expected volatility of 33%, and expected dividend of €4.00. The fair value of the liability is remeasured at each balance sheet date and at settlement date.

The intrinsic value of the remaining SARs at 31 December 2009 is nil (31 December 2008 nil).

Balance Sheet Analysis

	31 December 2009	31 December 2008
	£	£
B/fwd carrying value of liabilities	432,320	601,919
Exercised in the year	(132,209)	-
Movement in the liability	(226,434)	(169,599)
	<hr/>	<hr/>
Total carrying amount of liabilities	73,677	432,320
	<hr/>	<hr/>

The movement in the liability is recognised through the profit and loss account.

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

6. Interest receivable and similar income

	Year Ended 31 December 2009	Year Ended 31 December 2008
	£	£
Bank interest receivable	12,310	87,264
	<hr/>	<hr/>
	12,310	87,264
	<hr/>	<hr/>

7. Interest payable and similar charges

	Year Ended 31 December 2009	Year Ended 31 December 2008
	£	£
Interest payable to group companies	164,476	430,477
Bank interest payable	3,727	-
Other interest payable	3,311	879
	<hr/>	<hr/>
	171,514	431,356
	<hr/>	<hr/>

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

8. Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

Current tax	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
UK Corporation Tax at 28% (2008: 28.5%) on ordinary activities	26,104	48,100
Over provision in prior year corporation tax	(12,006)	-
	<hr/>	<hr/>
Total actual amount of current tax charge	14,098	48,100
	<hr/>	<hr/>

At 31 December 2009 there is an unprovided deferred tax asset as follows:

Unrecognised Deferred tax	31 December 2009 £	31 December 2008 £
Tax effect of timing differences due to:		
Tax losses carried forward	1,217,644	1,751,071
Accelerated capital allowances	161,784	304,906
	<hr/>	<hr/>
	1,379,428	2,055,977
	<hr/>	<hr/>

The amount has not been recognised in the financial statements on the basis that there is insufficient evidence that the asset will be recovered through future taxable profits. The above amounts are all tax amounts.

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

8. Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2008: lower) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 28.5%). The difference is explained below

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Profit on ordinary activities before taxation	2,122,310	1,838,383
Current tax charge		
Tax on profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2008: 28.5%)	594,247	523,939
Effects of:		
Disallowed expenses	159,110	152,441
Capital Allowances in excess of depreciation	(18,329)	97,786
Temporary differences related to SARs and LTIs	(73,648)	(15,161)
Over provision in prior year corporation tax	(12,006)	-
Utilisation of tax losses previously not recognised	(635,276)	(710,905)
Total actual amount of current tax	<u>14,098</u>	<u>48,100</u>

9. Investments

	31 December 2009 £	31 December 2008 £
Cost and net book value at 31 December	<u>24,510</u>	<u>24,510</u>

The investment represents the cost of a 100% ordinary share capital holding in Stella McCartney France SAS, a company incorporated in France, and the cost of a 100% ordinary share capital holding in Stella McCartney America Inc., a company incorporated in the USA.

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

10. Intangible Fixed Assets

Cost	Trademarks £
At 1 January 2009	7,612,507
Additions	85,868
	<hr/>
At 31 December 2009	7,698,375
	<hr/>
Amortisation	
At 1 January 2009	3,104,920
Charge for the year	437,732
	<hr/>
At 31 December 2009	3,542,652
	<hr/>
Net book value	
At 31 December 2009	4,155,723
	<hr/>
At 31 December 2008	4,507,587
	<hr/>

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

11. Tangible Fixed Assets

	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Total
Cost	£	£	£	£
At 1 January 2009	2,604,787	430,780	296,019	3,331,586
Additions	-	16,536	17,005	33,541
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	2,604,787	447,316	313,024	3,365,127
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January 2009	1,296,136	284,279	201,289	1,781,704
Charge for the year	214,138	67,113	36,158	317,409
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	1,510,274	351,392	237,447	2,099,113
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2009	1,094,513	95,924	75,577	1,266,014
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	1,308,651	146,501	94,730	1,549,882
	<hr/>	<hr/>	<hr/>	<hr/>

12. Stocks

	31 December 2009	31 December 2008
	£	£
Finished goods and goods for resale	471,085	450,158
	<hr/>	<hr/>

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

13. Debtors

	31 December 2009	31 December 2008
	£	£
Trade debtors	1,721,746	1,144,625
Amounts due from group undertakings	7,208,454	7,009,054
Other debtors	258,483	1,058,893
Prepayments	274,983	200,113
	<hr/>	<hr/>
	9,463,666	9,412,685
	<hr/>	<hr/>

14. Creditors

	31 December 2009	31 December 2008
	£	£
Trade creditors	345,865	444,337
Amounts owed to group undertakings	5,055,039	6,307,174
Other taxes and social security	198,258	282,109
Accruals and deferred income	1,623,791	2,489,170
UK Corporation Tax due	16,437	-
	<hr/>	<hr/>
	7,239,390	9,522,790
	<hr/>	<hr/>

'Amounts owed to group undertakings' includes a £2m loan repayable in less than 1 year (31 December 2008 - £2.5m) to the intermediate parent company Gucci Group NV. This loan attracts interest at a rate of 1% above LIBOR

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

15. Called up share capital

	31 December 2009 £	31 December 2008 £
Authorised, called up, allotted and fully paid:		
100 'A' Ordinary shares of £1 each	100	100
100 'B' ordinary shares of £1 each	100	100
1 Preference share of £1 each	1	1
	<hr/>	<hr/>
	201	201
	<hr/>	<hr/>

The 'A' ordinary shares have no rights to dividends other than that recommended by the directors. The shares carry 50% of the voting rights of the company and have no preferential right to a return of capital on a winding up of the company.

The 'B' ordinary shares have no rights to dividends other than that recommended by the directors. The shares carry 50% of the voting rights of the company and have no preferential rights to a return of capital on a winding up of the company.

The issued preference share has no rights to a dividend, is non-voting and has no right to receive notice of or attend any general meeting of the company.

16. Combined reconciliation of movements in equity shareholders' funds and statement of movements on reserves

	Share Capital £	Share Premium Account £	Profit & Loss Account £	Total 31 December 2009 £	Total 31 December 2008 £
Opening equity - shareholders' funds	201	20,842,998	(12,577,669)	8,265,530	6,475,247
Profit for the financial year	-	-	2,108,212	2,108,212	1,790,283
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Closing equity - shareholders' funds	201	20,842,998	(10,469,457)	10,373,742	8,265,530
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

17. Financial commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

Land and buildings

	31 December 2009 £	31 December 2008 £
Expiring in 2 - 5 years	183,000	164,660
Expiring after five years	450,000	370,500
	<u> </u>	<u> </u>

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

18. Related party transactions

During the year transactions were entered into, in the ordinary course of business, with the following fellow Gucci group undertakings:

Gucci Group NV
Luxury Goods International S.A.
Stella McCartney America Inc.
Stella McCartney France SAS
Stella McCartney Italia S.r.l
Gucci Group Services Limited
G.F. Services S r l
Guccio Gucci S p.A
Gucci Logistica S.p.A

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
The nature and amounts of transactions are as follows.		
The company sold goods and recharged operating expenses totalling	2,622,470	2,687,218
At the year end the amount due was	2,007,079	1,290,191
The company made purchases and incurred operating expenses recharges totalling:	5,653,818	6,605,852
At the year end the amount owed was:	3,054,795	3,807,174
The company billed for royalty and other license-related income totalling	7,151,380	7,510,787
At the year end the amount due was	5,199,144	5,718,863
The company repaid working capital loans of	500,000	3,000,000
At the year end the amount owed was	2,000,000	2,500,000

Stella McCartney Limited

Notes to the accounts For year ended 31 December 2009

19. Ultimate holding company and controlling party

Gucci Group NV, a company incorporated in the Netherlands, is the immediate parent company and the smallest group to consolidate these financial statements. Consolidated accounts including the results of the company are available from Rembrandt Tower, 1 Amstelplein 1096, HA Amsterdam, The Netherlands.

PPR S.A., a company incorporated in France, is the ultimate parent undertaking and controlling entity and the largest group to consolidate these financial statements. Consolidated accounts including the results of the company are available from 10 Avenue Hoche, 75381, Paris Cedex 08, France.

