

**Company Registration No. 4438273**

**Alexander McQueen Trading  
Limited**

**Report and Financial Statements**

**31 January 2005**



# **Alexander McQueen Trading Limited**

## **Report and financial statements 31 January 2005**

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# **Alexander McQueen Trading Limited**

## **Report and financial statements 31 January 2005**

### **Officers and professional advisers**

#### **Directors**

J McArthur  
I M L Tursi

#### **Secretary**

Chalfen Secretaries Limited

#### **Registered office**

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

#### **Bankers**

HSBC Bank plc  
60 The Broadway  
Haywards Heath  
West Sussex  
RH16 3AR

#### **Independent auditors**

Deloitte & Touche LLP  
Chartered Accountants  
Crawley

# Alexander McQueen Trading Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 January 2005, together with an update of activity for the subsequent period to the date of the filing of the accounts. As noted further below, this company represents only one part of the total Alexander McQueen business, and as such the financial statements of this particular company do not reflect the scale, momentum or financial position of the brand's overall business.

### Principal activity

Alexander McQueen Trading Limited is the legal entity within the worldwide Alexander McQueen business that manages retail operations in the United Kingdom and Italy, as well as retail and wholesale operations in the United States. The Italian and US operations are conducted through overseas branches.

Alexander McQueen branded products are distributed by various companies within Gucci Group, and not just by Alexander McQueen Trading Limited. Therefore, the full scale, momentum and financial condition of the Alexander McQueen business on a worldwide basis is not visible solely from the financial statements of Alexander McQueen Trading Limited, as required to be filed under the terms of the UK Companies Act.

### Review of developments and future prospects

In July 2001, Gucci Group acquired control of the Alexander McQueen brand from Mr L A McQueen, forming a partnership to accelerate the development of the Alexander McQueen brand luxury business on a worldwide level. The first women's ready-to-wear collection developed under the direct control of Gucci Group was presented to leading buyers and media in March 2002, and met with considerable acclaim and commercial success. With the women's ready-to-wear activities well positioned for growth after several strong seasons, the Alexander McQueen menswear line was launched successfully in January 2004.

During the financial year ending 2004, the brand opened flagship retail stores in London (on Old Bond Street, in March 2003) and Milan (on via Verri, just off via Montenapoleone, in June 2003). These stores join the New York flagship store on 14<sup>th</sup> Street opened during the financial year ended 2003, and provide a broad representation of the brand, its products and identity. The Directors are pleased to note that the retail activities continue to perform well, showing strong double digit growth in local currencies during 2004 and 2005. Shop-in-shops (in most cases incorporating the essence of the brand's own store concept and image) have been opened with leading wholesale clients in the UK (Harvey Nichols and Selfridges), France (Le Printemps) and Asia (Joyce – Hong Kong). Alongside strong retail growth, distribution sales have shown considerable growth in all regions throughout 2005.

During 2004 and 2005, the company has continued to put in place the key strategic building blocks that position the brand for long term growth and to achieve profitability by 2007, in line with the shareholders' targets for the business. New categories of men's ready-to-wear, shoes and small leather goods have been added to the brand portfolio, enabling stronger and broader global representation. In March 2005, a new handbag line (part of the Fall-Winter 2005 collection) met with particularly strong acclaim by press and buyers; this line has been developed further in the Spring-Summer 2006 season and provides an early but strong basis for future success in the Alexander McQueen accessories line-up.

In July 2005, the company launched its second women's fragrance, "My Queen", as part of its license arrangement with YSL Beauté. This fragrance complements the brand's "Kindgom" line that was launched during 2003.

In addition, the company has carefully entered into selected strategic brand licensing partnerships that are consistent with the brand's core values and the Alexander McQueen collections, increase brand awareness and offer revenue streams to complement the existing core business. In this context, in June 2005, the company announced the signature of a three year licensing agreement with Puma AG for a co-branded line of sports leisure shoes for men and women, positioned at the upper end of the market. In November 2005, a 5-year licensing agreement with SIN V SpA was announced for launch of a denim-based ready-to-wear line under a new label "McQ – Alexander McQueen". Both of these important strategic partnerships will allow Alexander McQueen's internationally acclaimed design ethos to reach a much wider audience, whilst complementing the brand's existing highly successful main line collections of luxury ready-to-wear and accessories.

# Alexander McQueen Trading Limited

## Directors' report (continued)

### Review of developments and future prospects (continued)

The strong development of the Alexander McQueen business worldwide has gone hand in hand with the growing list of professional accolades that Mr McQueen has earned over the years. In 2003, he won the CFDA International Womenswear Designer of the Year award, and in 2004, the British Fashion Council Menswear Designer of the Year award. Mr McQueen was also made Commander of the British Empire in 2004 in recognition of his service to the fashion industry.

The Directors wish to emphasise that the turnover for Alexander McQueen Trading Limited as shown in these accounts for the year ended January 2005 is not indicative of the considerable scale, momentum or financial position of the brand on a consolidated worldwide basis.

The Directors of Alexander McQueen Trading Limited are satisfied with the strong progress that has been made with the development of the Alexander McQueen business. Gucci Group and Mr L A McQueen himself, as shareholders of Alexander McQueen Trading Limited's holding company, have also expressed their satisfaction with this progress and have confirmed to the Directors their intention to continue to support the business, in accordance with the agreed strategic plan, with the clear objective of achieving profitability for the overall business within the next 2 years.

### Results

The results for the year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend for the year (2004 - £nil).

Both the level of business and the year end financial position were in line with management's expectations.

### Directors and their interests

The directors of the company throughout the year ended 31 January 2005 were as follows:

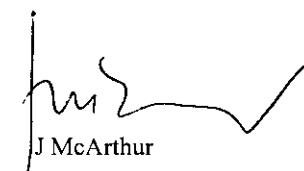
J McArthur  
I M L Tursi

None of the directors had any interest in the ordinary share capital of the company during the year.

### Auditors

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

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



J McArthur  
Director

16<sup>th</sup> December 2005

## **Alexander McQueen Trading Limited**

### **Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. 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.

## **Independent auditors' report to the members of Alexander McQueen Trading Limited**

We have audited the financial statements of Alexander McQueen Trading Limited for the year ended 31 January 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and its related notes and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

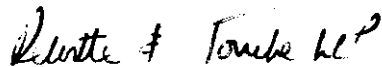
### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices 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 of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Crawley

22 December 2005

## Alexander McQueen Trading Limited

### Profit and loss account Year ended 31 January 2005

	Note	2005 £	2004 £
<b>Turnover</b>	2	7,277,680	7,043,529
Cost of sales		(5,124,011)	(4,702,158)
<b>Gross profit</b>		<u>2,153,669</u>	<u>2,341,371</u>
Administrative expenses		(3,691,113)	(3,645,149)
<b>Operating loss</b>	4	(1,537,444)	(1,303,778)
Interest receivable		6,713	3,462
Interest payable – bank interest		(35,560)	-
<b>Loss on ordinary activities before taxation</b>		<u>(1,566,291)</u>	<u>(1,300,316)</u>
Tax on loss on ordinary activities	5	-	-
<b>Loss on ordinary activities after taxation for the financial year</b>	11	<u>(1,566,291)</u>	<u>(1,300,316)</u>

All results relate to continuing operations.

## Alexander McQueen Trading Limited

### Statement of total recognised gains and losses Year ended 31 January 2005

	2005 £	2004 £
Loss for the financial year	(1,566,291)	(1,300,316)
Foreign exchange differences	<u>29,166</u>	<u>34,985</u>
Total recognised gains and losses for the financial year	<u>(1,537,125)</u>	<u>(1,265,331)</u>

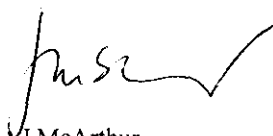
# Alexander McQueen Trading Limited

## Balance sheet 31 January 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	6	1,856,451	2,280,546
<b>Current assets</b>			
Stocks	7	1,288,027	1,096,308
Debtors	8	1,563,503	1,343,324
Cash at bank and in hand		533,225	636,926
		3,384,755	3,076,558
<b>Creditors: amounts falling due within one year</b>	9	(8,710,677)	(7,289,450)
<b>Net current liabilities</b>		(5,325,922)	(4,212,892)
<b>Total assets less current liabilities</b>		(3,469,471)	(1,932,346)
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	11	(3,469,472)	(1,932,347)
<b>Equity shareholders' deficit</b>	11	(3,469,471)	(1,932,346)

These financial statements were approved by the Board of Directors on 16<sup>th</sup> December 2005.

Signed on behalf of the Board of Directors



J McArthur  
Director

## Alexander McQueen Trading Limited

### Cash flow statement Year ended 31 January 2005

	Note	£	2005 £	£	2004 £
Net cash inflow from operating activities	(a)		291,474		795,903
<b>Returns on investment and servicing of finance</b>					
Interest received		6,713		3,462	
Interest payable		(35,560)		-	
Net cash (outflow)/inflow from returns on investment and servicing of finance			(28,847)		3,462
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(34,533)		(535,244)	
Net cash outflow from capital expenditure and financial investment			(34,533)		(535,244)
<b>Increase in cash in the year</b>	(b)		<u>228,094</u>		<u>264,121</u>

# Alexander McQueen Trading Limited

## Notes to the cash flow statement Year ended 31 January 2005

### (a) Reconciliation of operating loss to net cash inflow from operating activities

	2005 £	2004 £
Operating loss	(1,537,444)	(1,303,778)
Depreciation	412,234	341,247
Increase in stocks	(208,074)	(932,735)
Increase in debtors	(276,045)	(646,358)
Increase in creditors	1,900,803	3,337,527
<b>Net cash inflow from operating activities</b>	<b>291,474</b>	<b>795,903</b>

### (b) Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
Change in net funds resulting from cash flows	228,094	264,121
Exchange adjustments	(3,187)	34,985
Opening net funds	308,318	9,212
<b>Closing net funds</b>	<b>533,225</b>	<b>308,318</b>

### (c) Analysis of net funds

	At 1 February 2004 £	Cash flow £	Exchange adjustments £	At 31 January 2005 £
Cash at bank and in hand	636,926	(104,133)	432	533,225
Bank overdraft	(328,608)	332,227	(3,619)	-
<b>Net funds</b>	<b>308,318</b>	<b>228,094</b>	<b>(3,187)</b>	<b>533,225</b>

# Alexander McQueen Trading Limited

## Notes to the accounts Year ended 31 January 2005

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of value added tax.

#### Tangible fixed assets

Fixed assets are stated at cost or fair value when acquired, 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, other than assets in the course of construction which are not depreciated. The rates of depreciation are as follows:

Leasehold improvements	Over 7 years
Fixtures and fittings	Over 7 years
Computer equipment	Over 5 years

#### Operating leases

Annual rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### Stocks

Stock is stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value.

#### Deferred taxation

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.

#### 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. Exchange differences arising on the opening net assets of overseas branches are reported in the statement of total recognised gains and losses. All other exchange differences are taken to the profit and loss account.

# Alexander McQueen Trading Limited

## Notes to the accounts

Year ended 31 January 2005

### 2. Turnover

The company's turnover is generated entirely by the company's principal activity as outlined in the directors' report. A geographical analysis of turnover has not been provided as, in the opinion of the directors, it would be seriously prejudicial to the interests of the company.

### 3. Information regarding directors and employees

None of the directors received any emoluments from the company during the current or previous year.

	2005 No.	2004 No.
<b>Average number of persons employed</b>		
Selling	20	17
Administration	2	6
	<u>22</u>	<u>23</u>
	£	£
<b>Staff costs during the year</b>		
Wages and salaries	763,793	675,263
Social security costs	98,054	81,300
	<u>861,847</u>	<u>756,563</u>

### 4. Operating loss

	2005 £	2004 £
<b>Operating loss is stated after charging:</b>		
Depreciation charge for the year	412,234	341,247
Operating leases – other	591,436	269,595
Auditors' remuneration audit fees	<u>10,500</u>	<u>4,000</u>

### 5. Tax on loss on ordinary activities

No current tax charge has been recognised in the financial statements as the company has taxable losses.

At 31 January 2005, there is an unprovided net deferred tax asset of £932,153 (2004 - £622,502) relating to trading losses and accelerated capital allowances. The amount has not been recognised in the financial statements on the basis that at the current time there is insufficient evidence that the asset will be recovered through future taxable profits.

# Alexander McQueen Trading Limited

## Notes to the accounts Year ended 31 January 2005

### 5. Tax on loss on ordinary activities (continued)

#### Factors affecting current tax charge for the year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
Loss on ordinary activities before taxation	(1,566,291)	(1,300,316)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 – 30%)	(469,887)	(390,095)
Effects of:		
Tax losses not utilised	331,216	320,920
Items not deductible for tax purposes	15,000	15,000
Depreciation in excess of capital allowances	123,671	54,175
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

### 6. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 February 2004	2,537,165	105,163	132,324	2,774,652
Exchange differences	(52,544)	(2,507)	(4,601)	(59,652)
Additions	25,531	3,689	5,313	34,533
At 31 January 2005	2,510,152	106,345	133,036	2,749,533
<b>Accumulated depreciation</b>				
At 1 February 2004	433,793	36,128	24,185	494,106
Exchange differences	(11,158)	(753)	(1,347)	(13,258)
Charge for the year	368,391	6,372	37,471	412,234
At 31 January 2005	791,026	41,747	60,309	893,082
<b>Net book value</b>				
At 31 January 2005	1,719,126	64,598	72,727	1,856,451
At 31 January 2004	2,103,372	69,035	108,139	2,280,546

# Alexander McQueen Trading Limited

## Notes to the accounts Year ended 31 January 2005

### 7. Stocks

	2005 £	2004 £
Finished goods	1,288,027	1,096,308

### 8. Debtors

	2005 £	2004 £
Trade debtors	569,594	908,880
Amounts owed by group undertakings	264,729	24,939
Other debtors	520,860	251,873
Prepayments and accrued income	208,320	157,632
	<u>1,563,503</u>	<u>1,343,324</u>

### 9. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank overdraft	-	328,608
Trade creditors	31,774	19,169
Amounts owed to group undertakings	8,062,509	6,263,118
Other taxes and social security	21,085	17,230
Other creditors	192,082	325,663
Accruals and deferred income	403,227	335,662
	<u>8,710,677</u>	<u>7,289,450</u>

### 10. Called up share capital

	2005 £	2004 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Called up, allotted and fully paid</b>		
1 ordinary share of £1 each	1	1

# Alexander McQueen Trading Limited

## Notes to the accounts

Year ended 31 January 2005

### 11. Combined reconciliation of movements in equity shareholders' deficit and statement of movements on reserves

	Issued share capital £	Profit and loss account £	2005 Total £	2004 Total £
Opening equity shareholders' deficit	1	(1,932,347)	(1,932,346)	(667,015)
Loss for the financial year	-	(1,566,291)	(1,566,291)	(1,300,316)
Exchange differences	-	29,166	29,166	34,985
Closing equity shareholders' deficit	<u>1</u>	<u>(3,469,472)</u>	<u>(3,469,471)</u>	<u>(1,932,346)</u>

### 12. Financial commitments

At 31 January 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2005 £	2004 £
Expiring after five years	<u>679,557</u>	<u>429,975</u>

### 13. Related party transactions

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

Autumnpaper Limited  
Gucci America Inc.  
Luxury Goods International S.A.  
Luxury Goods Italia

The nature and amounts of the transactions are as follows:

The company incurred stock purchase costs totalling £4,851,307 (2004 - £5,211,246). At the year end the amount due was £6,887,113 (2004 - £4,961,301).

The company incurred recharges totalling £1,403,376 (2004 - £2,107,631) relating to the set up and running of its retail operations. At the year end the amount due was £1,012,581 (2004 - £1,248,187).

### 14. Ultimate controlling party

The immediate parent company was Birdswan Solutions Limited which owns 100% of the ordinary share capital.

The ultimate parent company and controlling entity was Pinault-Printemps-Redoute, a company incorporated in France.

Pinault-Printemps-Redoute is the parent undertaking of the smallest and 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.