

**Company Registration No. 4438273**

**Alexander McQueen Trading  
Limited**

**Report and Financial Statements**

**31 December 2006**

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# **Alexander McQueen Trading Limited**

## **Report and financial statements 31 December 2006**

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# **Alexander McQueen Trading Limited**

## **Report and financial statements 31 December 2006**

### **Officers and professional advisers**

#### **Directors**

A Babeau  
M Le Divelec Lemmi  
C Solomon

#### **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  
RH15 4LU

#### **Independent auditors**

KPMG Audit Plc  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

## Alexander McQueen Trading Limited

### Directors' report

The directors present their report and the audited financial statements for the year ended to 31 December 2006, 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

The principal activity of the company is the management of retail operations in the United Kingdom and Italy, as well as retail and wholesale operations in the United States.

### Business Review

The Directors of Alexander McQueen Trading Limited are pleased with the progress that has been made with the Alexander McQueen business during 2006, and particularly with the results of Alexander McQueen Trading Limited which recorded an operating profit of £512,321, which compares to an operating loss of £141,701 in the 11-month period of 2005, and to the £1,537,444 operating loss of 2004.

Gucci Group, and Alexander McQueen himself, as ultimate shareholders of the business, have expressed their satisfaction with this result 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

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.

### Strategy

The Alexander McQueen brand was established in July 2001. The first women's ready-to-wear collection 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, and in 2005 a full accessories offer consisting of handbags and shoes was added to the brand portfolio.

During the last 3 years, the Alexander McQueen brand 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.

The brand operates 3 stores in London, Milan and New York and these stores provide a broad representation of the brand, its product range and identity. The retail activities have exceptional sales densities when benchmarked to other leading luxury brands and have achieved strong double digit growth in the last 3 financial years. This strong performance has allowed the brand to expand its store network, with 2 new directly operated stores scheduled to open in Las Vegas and Los Angeles within the next 12 months.

Alongside the successful retail business, the first free standing franchise for the brand opened in Istanbul in September 2006, followed by a further franchise in Moscow during 2007. Further key franchises are planned for the remainder of 2007 and into 2008, each franchise carefully selected to ensure the continued integrity and success of the Alexander McQueen brand.

Distribution sales have shown considerable growth in all regions throughout 2006 and into 2007, and importantly have achieved strong sell through performance across all key accounts.

## Alexander McQueen Trading Limited

### Directors' report (continued)

Shop in shop concepts have also been opened globally with key wholesale clients including Selfridges and Harvey Nichols in London, Printemps - Paris, Joyce - Hong Kong, Saks 5<sup>th</sup> Avenue - New York, and Via Bus Stop-Tokyo.

In addition, the brand has carefully entered into selected strategic brand licensing partnerships that are consistent with the brand's core values and the Alexander McQueen collections. These partnerships increase brand awareness and offer revenue streams to complement the existing core business. In this context, in June 2005, the brand 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. Further license partnerships have been entered into with Samsonite and Safilo to promote a range of luggage and eyewear respectively.

Alongside the luxury product categories the Alexander McQueen brand has also developed a denim based ready to wear line under the brand name McQ, by signing a licensing agreement with SINV Spa.

Given the structure of the Alexander McQueen business and the Company within that, management do not consider it meaningful to discuss KPIs within the statutory accounts of Alexander McQueen Trading Limited other than those relating to turnover and profit included in the profit and loss accounts on page 8.

#### Performance for the year

The year ending 31 December 2006 saw Alexander McQueen Trading Limited post an operating profit of £512,321, which compares to an operating loss of £141,701 in the 11-month period of 2005, and to the £1,537,444 operating loss of 2004. This result reflects the strength of the brands retail business, achieving sales densities comparable to and often exceeding other luxury brands.

#### Risks

The principal risk to the business remains the unpredictable market conditions: as a fashion and lifestyle company every new season confronts the brand with the risk that the new collections may be received less positively than anticipated. Constant market observation and regular attendance of international fashion events ensure that trends are identified early on to serve as a basis for the collection development.

#### Outlook

Management feels there is a significant opportunity to increase performance through leveraging the existing assets of people, brand, products, range, and clients, taking into account risks mentioned above.

Press enquiries should be directed to Jonathan Akeroyd at 0207 843 3304.

#### Results

The results for the year are set out in the profit and loss account on page 8. The directors do not recommend the payment of a dividend for the year (31 December 2005 - £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 December 2006 were as follows:

J McArthur	(Resigned 11 May 2007)
A Babeau	(Appointed 11 May 2007)
M Le Divelec Lemmi	(Appointed 13 July 2006)
I M L Tursi	(Resigned 25 September 2006)
C Solomon	(Appointed 23 January 2007)

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

# Alexander McQueen Trading Limited

## Directors' report (continued)

### 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 he/she ought to have taken as a director to make himself/herself 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 not made any political or charitable donations or incurred any political expenditure during the year.

### Auditors

KPMG Audit Plc were appointed as auditors of the company during the year to replace Deloitte and Touche LLP. The company has passed an elective resolution dispensing with the obligation to appoint auditors annually, and accordingly KPMG Audit Plc shall remain in office until the company or KPMG Audit Plc otherwise determine.

### Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £4,133,993 which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Gucci Group NV, the company's ultimate parent company within the Gucci Group. Gucci Group NV has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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

A Babeau  
Director

2007

October 25, 2007

## **Alexander McQueen Trading 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).

The company financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 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 inappropriate to presume that the company will continue in business.

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

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

We have audited the financial statements (the "financial statements") of Alexander McQueen Trading Limited for the year end 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the cash flow statement, and the related notes. 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**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.



**Independent auditors' report to the members of  
Alexander McQueen Trading Limited (continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of the company's profit for the year ended 31 December 2006;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc

Chartered Accountants

Registered Auditor

*25 October* 2007

# Alexander McQueen Trading Limited

## Profit and loss account For year ended 31 December 2006

		Year ended 31 December 2006 £	Period from 1 February 2005 to 31 December 2005 £
	<b>Note</b>		
<b>Turnover</b>	2	12,873,927	9,246,496
Cost of sales		(7,916,931)	(5,461,411)
<b>Gross profit</b>		4,956,996	3,785,085
Administrative expenses		(4,444,675)	(3,926,786)
<b>Operating profit/(loss)</b>	4	512,321	(141,701)
Interest receivable		38,115	6,522
Interest payable – bank interest		(9,679)	-
<b>Profit/(Loss) on ordinary activities before taxation</b>		540,757	(135,179)
Tax on profit/loss on ordinary activities	5	-	-
<b>Retained profit/(loss) on ordinary activities after taxation for the financial year/period</b>	11	540,757	(135,179)

All results relate to continuing operations.

## Alexander McQueen Trading Limited

### Statement of total recognised gains and losses For year ended 31 December 2006

	Year ended 31 December 2006 £	Period from 1 February 2005 to 31 December 2005 £
Profit/(Loss) for the financial year/period	540,757	(135,179)
Foreign exchange gain/(loss)	259,917	(169,272)
Total recognised gains and losses for the financial year/period	<u>800,674</u>	<u>(304,451)</u>

# Alexander McQueen Trading Limited

## Balance sheet At 31 December 2006

	Note	31 December 2006 £	31 December 2005 £
<b>Fixed assets</b>			
Tangible assets	6	<u>1,160,745</u>	<u>1,593,855</u>
<b>Current assets</b>			
Stocks	7	2,255,170	1,353,016
Debtors	8	6,954,959	3,252,550
Cash at bank and in hand		<u>1,319,612</u>	<u>1,041,503</u>
		10,529,741	5,647,069
<b>Creditors: amounts falling due within one year</b>	9	<u>(14,663,734)</u>	<u>(11,014,846)</u>
<b>Net current liabilities</b>		<u>(4,133,993)</u>	<u>(5,367,777)</u>
<b>Total assets less current liabilities</b>		<u>(2,973,248)</u>	<u>(3,773,922)</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	11	<u>(2,973,249)</u>	<u>(3,773,923)</u>
<b>Equity shareholders' deficit</b>	11	<u>(2,973,248)</u>	<u>(3,773,922)</u>

These financial statements were approved by the Board of Directors on *25 Dec 2007* 2007.

Signed on behalf of the Board of Directors



A Babeau  
Director

# Alexander McQueen Trading Limited

## Cash flow statement For year ended 31 December 2006

		Year ended 31 December 2006	Period from 1 February 2005 to 31 December 2005
	Note	£	£
Net cash inflow from operating activities	(A)	3,747,682	549,759
<b>Returns on investment and servicing of finance</b>			
Interest received		38,115	6,522
Interest payable		(9,679)	-
<b>Net cash inflow from returns on investment and servicing of finance</b>		28,436	6,522
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(67,991)	(46,753)
<b>Net cash outflow from capital expenditure and financial investment</b>		(67,991)	(46,753)
<b>Net cash inflow before financing</b>		3,708,127	509,528
<b>Financing</b>			
Loans provided to group undertakings		(3,385,500)	-
<b>Net outflow from Financing</b>		(3,385,500)	-
<b>Increase in cash in the year/period</b>	(B)	322,627	509,528

# Alexander McQueen Trading Limited

## Notes to the cash flow statement For year ended 31 December 2006

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

	Year ended 31 December 2006 £	Period from 1 February 2005 to 31 December 2005 £
Operating profit/(loss)	512,321	(141,701)
Depreciation	405,975	395,289
Loss on disposal of fixed assets	994	-
Increase in stocks	(989,732)	(14,745)
Increase in debtors	(572,030)	(1,524,565)
Increase in creditors	4,390,154	1,835,481
<b>Net cash inflow from operating activities</b>	<b>3,747,682</b>	<b>549,759</b>

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

	Year ended 31 December 2006 £	Period from 1 February 2005 to 31 December 2005 £
Change in net funds resulting from cash flows	322,627	509,528
Exchange adjustments	(44,518)	(1,250)
Opening net funds	1,041,503	533,225
<b>Closing net funds</b>	<b>1,319,612</b>	<b>1,041,503</b>

### (C) Analysis of net funds

	At 1 January 2006 £	Cash flow £	Exchange adjustments £	At 31 December 2006 £
Cash at bank and in hand	1,041,503	322,627	(44,518)	1,319,612

# Alexander McQueen Trading Limited

## Notes to the accounts For year ended 31 December 2006

### 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 as incurred 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.

#### 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.

#### 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 For year ended 31 December 2006

#### 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 year or previous period.

	Year ended 31 December 2006	Period from 1 February 2005 to 31 December 2005
	No.	No.
<b>Average number of persons employed</b>		
Selling	23	21
Administration	7	4
	<u>30</u>	<u>25</u>
	£	£
<b>Staff costs during the year/period</b>		
Wages and salaries	1,376,688	866,910
Social security costs	80,779	113,198
	<u>1,457,467</u>	<u>980,108</u>

#### 4. Operating profit/(loss)

	Year ended 31 December 2006	Period from 1 February 2005 to 31 December 2005
	£	£
<b>Operating profit/loss is stated after charging:</b>		
Depreciation charge for the year/period	405,975	395,289
Loss on disposal of fixed assets	994	-
Operating leases – other	1,248,302	572,391
Auditors' remuneration		
audit fees	<u>5,698</u>	<u>6,000</u>



# Alexander McQueen Trading Limited

## Notes to the accounts For year ended 31 December 2006

### 5. Tax on profit/(loss) on ordinary activities

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

At 31 December 2006, there is an unprovided net deferred tax asset as follows:

	Year ended 31 December 2006 £	Period from 1 February 2005 to 31 December 2005 £
Tax effect of timing differences due to:		
Tax losses carried forward	352,894	636,085
Accelerated capital allowances	204,829	248,772
<b>Total</b>	<b>557,723</b>	<b>884,857</b>

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.

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

The tax assessed for the year/period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (31 December 2005 - 30%). The differences are explained below:

	Year ended 31 December 2006 £	Period from 1 February 2005 to 31 December 2005 £
Profit/(Loss) on ordinary activities before taxation	540,757	(135,179)
Current tax charge/(credit)		
Tax on profit/(loss) on ordinary activities at standard rate of corporation tax in the UK	162,227	(40,554)
Effects of:		
Utilisation of tax losses previously not recognised	(301,455)	(93,032)
Disallowed expenses and non-taxable income	17,435	15,000
Depreciation in excess of capital allowances	121,793	118,586
<b>Current tax charge for the year/period</b>	<b>-</b>	<b>-</b>

# Alexander McQueen Trading Limited

## Notes to the accounts For year ended 31 December 2006

### 6. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2006	2,673,603	113,476	145,256	2,932,335
Exchange differences	(167,772)	(8,083)	(15,187)	(191,042)
Additions	50,555	10,038	7,398	67,991
Disposals	-	-	(3,043)	(3,043)
At 31 December 2006	<u>2,556,386</u>	<u>115,431</u>	<u>134,424</u>	<u>2,806,241</u>
<b>Accumulated depreciation</b>				
At 1 January 2006	1,183,856	62,787	91,837	1,338,480
Exchange differences	(81,576)	(5,447)	(9,887)	(96,910)
Charge for the year	359,965	19,307	26,703	405,975
Disposals	-	-	(2,049)	(2,049)
At 31 December 2006	<u>1,462,245</u>	<u>76,647</u>	<u>106,604</u>	<u>1,645,496</u>
<b>Net book value</b>				
At 31 December 2006	<u>1,094,141</u>	<u>38,784</u>	<u>27,820</u>	<u>1,160,745</u>
At 31 December 2005	<u>1,489,747</u>	<u>50,689</u>	<u>53,419</u>	<u>1,593,855</u>

### 7. Stocks

	31 December 2006 £	31 December 2005 £
Finished goods	<u>2,255,170</u>	<u>1,353,016</u>

# Alexander McQueen Trading Limited

## Notes to the accounts For year ended 31 December 2006

### 8. Debtors

	31 December 2006 £	31 December 2005 £
Trade debtors	942,243	326,268
Amounts owed by group undertakings	5,353,447	2,103,366
Other debtors	394,547	609,501
Prepayments and accrued income	264,722	213,415
	<u>6,954,959</u>	<u>3,252,550</u>

'Amounts owed by group undertakings' includes a £4,042,111 loan due in less than 1 year

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

	31 December 2006 £	31 December 2005 £
Trade creditors	15,742	7,542
Amounts owed to group undertakings	14,005,087	10,436,346
Other taxes and social security	66,838	27,406
Other creditors	147,043	215,565
Accruals and deferred income	429,024	327,987
	<u>14,663,734</u>	<u>11,014,846</u>

### 10. Called up share capital

	31 December 2006 £	31 December 2005 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

# Alexander McQueen Trading Limited

## Notes to the accounts For year ended 31 December 2006

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

			Year ended 31 December 2006 Total £	Period from 1 February 2005 to 31 December 2005 Total £
	Issued share capital £	Profit and loss account £		
Opening equity shareholders' deficit	1	(3,773,923)	(3,773,922)	(3,469,471)
Profit/(Loss) for the financial year/period	-	540,757	540,757	(135,179)
Exchange gain/(loss)	-	259,917	259,917	(169,272)
Closing equity shareholders' deficit	1	(2,973,249)	(2,973,248)	(3,773,922)

### 12. Financial commitments

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 31 December 2006 £	31 December 2005 £
Expiring after five years	1,256,764	613,097

## Alexander McQueen Trading Limited

### Notes to the accounts For year ended 31 December 2006

#### 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  
Stella McCartney Ltd

The nature and amounts of the transactions are as follows:

The company incurred stock purchase costs totalling £8,498,640 (31 December 2005 - £5,033,055). At the year end the amount due was £12,037,825 (31 December 2005 - £8,464,907).

The company incurred operating expense recharges totalling £1,609,594 (31 December 2005 - £1,329,050) relating to the running of its retail operations. At the year end the amount due was £1,919,713 (31 December 2005 - £1,509,992).

The company recharged operating expenses to other group companies totalling £769,621 (31 December 2005 - £309,397). At year end the amount due was £1,244,428 (31 December 2005 - £571,867).

The company provided working capital loans of £3,385,000 (31 December 2005 - £1,559,875). The amount owed at year end was £4,042,111 (31 December 2005 - £1,559,875).

#### 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 PPR, a company incorporated in France.

PPR 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.

#### 15. Subsequent event

The UK corporation tax rate will be reduced from 30% to 28% from 1 April 2008. This change is not expected to have a material effect on the company.