

**Company Registration Number: 04438273**

**Alexander McQueen Trading Limited**

**Annual Report and Financial Statements  
For the year ended 31 December 2018**



**Alexander McQueen Trading Limited**  
**Annual Report and Financial Statements 2018**  
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**Alexander McQueen Trading Limited**  
**Professional advisors**

**Registered office**

5th Floor, Rear Suite, Oakfield House  
35 Perrymount Road  
Haywards Heath  
West Sussex  
United Kingdom  
RH16 3BW

**Bank**

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

**Statutory auditor**

KPMG LLP  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

**Company secretary**

Eversheds Sutherland  
Corporate Secretarial Services  
Eversheds House  
70 Great Bridgewater Street  
Manchester M1 5ES

## **Alexander McQueen Trading Limited**

### **Strategic report**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2018.

#### **Principal activity**

Alexander McQueen is one of the world's leading luxury brands. It designs, produces and distributes high quality luxury goods including ready-to-wear, handbags, small leather goods, luggage, shoes, gifts, fragrances and eyewear.

Alexander McQueen Trading Limited ("the Company") operates the brand's stores in the UK.

#### **Business review**

In 2018, the performance of Alexander McQueen Trading Limited has been positively influenced by the introduction of successful new collections and the opening of a new flagship store which has enhanced our customer shopping experience. The Company has also benefited from a continued high level of trade from tourism in the UK due to the weakening of the Pound sterling in recent years.

#### **Performance for the year**

The Company has experienced growth in sales with a year on year increase of 9% (2017: 2%) on continuing operations. Operating loss has reduced by 15% (2017: 124% increase).

The company has invested in a new store located on Old Bond Street, which opened in December 2018, to replace its current flagship store and menswear store.

Based on the previous business review showing positive changes in turnover, and given the investment in our stores, the Directors of Alexander McQueen Trading Limited are satisfied with the performance of the business during 2018, despite the operating loss for the year of £3,990,444 (2017 loss: £4,684,240).

#### **Key performance indicators**

Given the structure of the Alexander McQueen business and the company within that, management monitors progress against its strategy by reference to turnover and result disclosed within the profit and loss account, as discussed above.

## **Alexander McQueen Trading Limited**

### **Strategic report (continued)**

#### **Strategy**

Founded in 1992 by Lee Alexander McQueen, the Alexander McQueen brand quickly gained reputation for conceptual design and forged a strong brand identity which led to a partnership with Kering in 2001. Since the death of Lee Alexander McQueen in 2010, the brand has been fully owned by Kering.

Renowned for its unbridled creativity, Alexander McQueen, under the creative direction of Sarah Burton since 2010, has expanded internationally through both wholesale and retail channels over the past decade, with wholesale being a key growth driver. In recent years, an acceleration in new stores openings has enabled the brand to strengthen its position in the luxury sector. The strategy continues to be to invest in key retail locations, to roll out a new store concepts, and to convert wholesale doors to directly operated stores.

#### **Risks and uncertainties**

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.

Alexander McQueen Trading Limited is also faced with uncertainty surrounding the UK's withdrawal from the EU with risks including, but not limited to, increased inventory from extended supply chain lead times, additional custom duties from exiting the EU single market and exchange rate volatility. The Group's Brexit Committee continues to monitor the evolving impact of the UK's withdrawal from the EU and oversees the Company's response. Alexander McQueen Trading Limited has prepared for a no-deal scenario across business activities including supply chain and trade compliance.

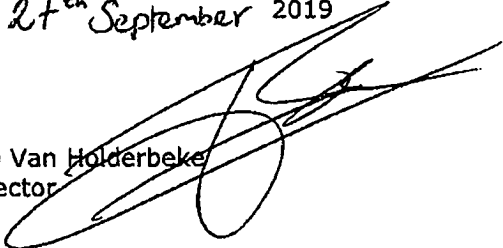
The Directors also recognise the risks associated with not adequately protecting the brand's trademarks. As such the Company invests strongly in securing and defending intellectual property rights in various product categories and countries.

#### **Outlook**

We continue to work towards increasing our market share by continuing to invest in our stores and providing an excellent retail experience to our customers.

Strategic report approved by the Board of Directors and signed on behalf of the Board  
on 27<sup>th</sup> September 2019

B D Van Holderbeke  
Director



Company registration number: 04438273

## **Alexander McQueen Trading Limited**

### **Directors' report**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2018.

#### **Results and dividends**

The results for the year are set out in the profit and loss account on page 10.

The results for the year show a loss before tax of £4,103,801 (2017 loss: £4,776,917) and sales of £11,831,411 (2017: £10,869,963).

The loss for the year after taxation of £3,620,115 (2017 loss: £4,354,890) has been included in reserves.

The Directors do not propose the payment of a dividend for the year ended 31 December 2018 (2017: £nil).

#### **Directors**

The Directors of the Company during the year ended 31 December 2018 and up to the date of signing the Directors' Report were as follows:

E Gintzburger  
B D Van Holderbeke  
E Sandrin

The Directors of the Company benefited from qualifying third party indemnity provisions in place during 2018 and ongoing at the date of this report.

#### **Directors' and secretary's interests**

The Directors and secretary and their families hold no beneficial interests in the Company or any other group company at 31 December 2018 (2017: £nil).

#### **Disclosure of information to the auditor**

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 auditor is 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 auditor is aware of that information.

## **Alexander McQueen Trading Limited**

### **Directors' report (continued)**

#### **Political contributions**

The company has not made any political contributions during 2018 (2017: £nil).

#### **Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding the net current liability position on the Company's balance sheet, which the Directors believe to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it directly by Kering Holland NV who have provided Alexander McQueen Trading Limited 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 that would otherwise place the Company in insolvency. 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.

#### **Auditor**

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

Directors' report approved by the Board of Directors and signed on behalf of the Board on

*27<sup>th</sup> September* 2019

B D Van Holderbeke

Director

Company Registration Number: 04438273

## **Alexander McQueen Trading Limited**

### **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the Financial Statements**

The Directors are responsible for preparing the Strategic Report, 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), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.



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

### **Opinion**

We have audited the financial statements of Alexander McQueen Trading Limited ("the company") for the year ended 31 December 2018 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## **Independent auditor's report to the members of Alexander McQueen Trading Limited (continued)**

### **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

## **Independent auditor's report to the members of Alexander McQueen Trading Limited (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

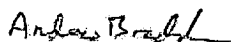
### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of 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.



#### **Andrew Bradshaw (Senior Statutory Auditor)**

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

30 September 2019

**Alexander McQueen Trading Limited**  
**Profit and loss account**  
**For the year ended 31 December 2018**

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
<b>Turnover</b>	2	11,831,411	10,869,963
Cost of sales		(5,706,651)	(5,169,392)
<b>Gross profit</b>		<b>6,124,760</b>	<b>5,700,571</b>
Administrative expenses		(10,115,204)	(10,384,811)
<b>Operating loss</b>	4	<b>(3,990,444)</b>	<b>(4,684,240)</b>
Interest receivable and similar income	5	1,468	314
Interest payable and similar expenses	6	(114,825)	(92,991)
<b>Loss before taxation</b>		<b>(4,103,801)</b>	<b>(4,776,917)</b>
Taxation on loss	7	483,686	422,027
<b>Profit and total comprehensive loss for the financial year</b>		<b>(3,620,115)</b>	<b>(4,354,890)</b>

All results relate to continuing operations in the current and preceding years.

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

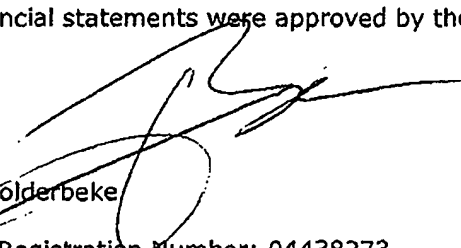
The notes on pages 13 to 27 form an integral part of these financial statements.

**Alexander McQueen Trading Limited**  
**Balance sheet**  
**As at 31 December 2018**

	Note	31 December 2018 £	31 December 2017 £
<b>Fixed assets</b>			
Tangible assets	8	7,353,867	1,155,954
Investments	9	7,561,925	7,561,925
		<b>14,915,792</b>	<b>8,717,879</b>
<b>Current assets</b>			
Stock	10	4,876,742	3,787,964
Debtors	11	6,068,798	10,961,917
Cash at bank and in hand		713,773	500,876
		<b>11,659,313</b>	<b>15,250,757</b>
<b>Creditors</b>			
Amounts falling due within one year	12	(35,986,071)	(29,759,487)
<b>Net current liabilities</b>		<b>(24,326,758)</b>	<b>(14,508,730)</b>
<b>Net liabilities</b>		<b>(9,410,966)</b>	<b>(5,790,851)</b>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account		(9,410,967)	(5,790,852)
<b>Total equity shareholders' deficit</b>		<b>(9,410,966)</b>	<b>(5,790,851)</b>

The notes on pages 13 to 27 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 27<sup>th</sup> September 2019.

  
B D Van Holderbeke  
Director  
Company Registration Number: 04438273

**Alexander McQueen Trading Limited**  
**Statement of changes in equity**  
**31 December 2018**

	Share capital	Profit and Loss Account	Total
	£	£	£
<b>Balance at 1 January 2017</b>	<b>1</b>	<b>(1,435,962)</b>	<b>(1,435,961)</b>
Loss for the year	-	(4,354,890)	(4,354,890)
<b>Total comprehensive loss for the Year</b>	<b>-</b>	<b>(4,354,890)</b>	<b>(4,354,890)</b>
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>(5,790,852)</b>	<b>(5,790,851)</b>
<b>Balance at 1 January 2018</b>	<b>1</b>	<b>(5,790,852)</b>	<b>(5,790,851)</b>
Loss for the year	-	(3,620,115)	(3,620,115)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(3,620,115)</b>	<b>(3,620,115)</b>
<b>Balance at 31 December 2018</b>	<b>1</b>	<b>(9,410,967)</b>	<b>(9,410,966)</b>

# Alexander McQueen Trading Limited

## Notes to the accounts

### 1 Accounting policies

#### Basis of preparation

Alexander McQueen Trading Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As the consolidated financial statements of Kering S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect to the following disclosures:

- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel;

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements; which are prepared on the historical costs basis.

## **Alexander McQueen Trading Limited**

### **Notes to the accounts**

#### **1 Accounting policies (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.

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

##### **Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### **Trade and other creditors**

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.



## **Alexander McQueen Trading Limited**

### **Notes to the accounts**

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

##### **Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding the net current liability position on the Company's balance sheet, which the Directors believe to be appropriate for the following reasons. Kering Holland NV, the intermediate parent, has provided Alexander McQueen Trading Limited 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. 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 and the fact that the Directors believe that Kering Holland NV is in the position to provide said support, the Directors believe 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.

##### **Interest receivable/payable**

Interest earned on deposits is credited to the profit and loss account on an accruals basis. Interest arising on borrowings is charged to the profit and loss account on an accruals basis.

##### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle that obligation.

##### **Revenue recognition**

IFRS 15 Revenue from Contracts with Customers provides a single, principles-based five step model that should be applied to determine how and when to recognise revenue from contracts with customers; its core principle is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange of those goods or services.

Transition to IFRS 15 has no impact for Alexander McQueen Trading Limited due to the retail nature of its business. Revenue from sales of luxury accessories and apparel is recognised at the point of sale when the performance obligation is satisfied. Revenue is recognised for the stand alone selling price for the goods.

The turnover shown in the profit and loss account represents the invoiced value of goods supplied, exclusive of value added tax and discounts.

## **Alexander McQueen Trading Limited**

### **Notes to the accounts**

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

##### **Foreign currency**

Transactions in foreign currency are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are converted to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at the foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

##### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

##### **Intangible fixed assets**

Trademarks and other intangible fixed assets are capitalised at cost and are amortised over their useful economic lives. Intangible assets relating to amounts paid to secure property leases are capitalised at cost and amortised over the life of the lease.

## **Alexander McQueen Trading Limited**

### **Notes to the accounts**

#### **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	6 to 10 years straight line
Fixtures and fittings	7 to 10 years straight line
Computer equipment	4 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Where improvements are made to leasehold properties where the lease expires in less than 6 years, the asset is depreciated on a straight line basis to the end of the lease.

##### **Impairment**

For the purposes of impairment testing, assets are grouped into cash- generating units (CGUs) which are the smallest group of assets that generate cash inflows from continuing use. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

CGUs comprising goodwill and/or intangible assets with indefinite useful lives, are tested for impairment at least annually during the second half of each fiscal year. An impairment test is also performed for all CGUs when events or circumstances indicate that they may be impaired. Such events or circumstances concern material unfavourable changes of a permanent nature affecting either the economic environment or the assumptions or objectives used on the acquisition date of the assets. The age of the CGU and geographical proximity to other CGUs is also considered.

Impairment tests seek to determine whether the recoverable amount of a CGU is less than its net carrying amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the asset or CGU. Future cash flow projections are based on medium- term budgets and plans. These plans are drawn up for a period of five years. Fair value corresponds to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These values are determined based on market data.

When the CGU's recoverable amount is less than its net carrying amount, an impairment loss is recognized. Impairment is charged first to goodwill where appropriate, and recognized under "Other non- recurring operating income and expenses" in the income statement as part of operating income.

Impairment losses recognized in respect of property, plant and equipment and other intangible assets may be reversed at a later date if there is an indication that the impairment loss no longer exists or has decreased. Impairment losses in respect of goodwill may not be reversed. Goodwill relating to the disposed portion of a CGU is measured on a proportionate basis, except where an alternative method is more appropriate.

## **Alexander McQueen Trading Limited**

### **Notes to the accounts**

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

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and, where necessary, provision is made for obsolete, slow moving, and defective stocks based on the Director's knowledge of customer demands and the stock aging profile. Sales in the fashion industry are volatile with increasing changes in customer demands and trends and therefore the Directors have used their best estimation in relation to stock valuation.

##### **Operating leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### **Defined contribution plans**

The Company contributes to employees' personal pension under a defined contribution scheme. Contributions are charged to the profit and loss account in respect of the accounting period.

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### **Related parties**

As the Company is a wholly owned subsidiary of Kering Holland NV and the Company's voting rights are controlled within the group headed by Financiere Pinault SCA, the Company has taken advantage of the exemption contained in FRS 101.8(k) and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Kering S.A., within which this Company is included, can be obtained from the address given in note 15.

##### **Investments**

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

##### **Dividends**

Dividends are paid on ordinary shares presented within equity. Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial

statements.

## Alexander McQueen Trading Limited

### Notes to the accounts

#### 2 Turnover

Turnover is wholly attributable to the principal continuing activity of the Company and consists entirely of sales to customers in the United Kingdom.

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Trading activities in the UK	11,831,411	10,869,963
	<u>11,831,411</u>	<u>10,869,963</u>

#### 3 Information regarding directors and employees

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

	Year ended 31 December 2018 No.	Year ended 31 December 2017 No.
Selling and administration	40	42
	<u>40</u>	<u>42</u>

##### Staff costs during the year

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Wages and salaries	1,519,342	1,782,623
Social security costs	191,823	229,849
Contributions to defined contribution plans	33,612	31,518
	<u>1,744,777</u>	<u>2,043,990</u>

##### Directors' emoluments

The Directors who held office during the year received no emoluments in respect of their services to the Company (31 December 2017: £nil). The Directors are employed by other group companies so any remuneration given is borne by those group companies. No remuneration is given in respect of acting as a Director of this entity as it is incidental to their overall responsibilities to the group.

**Alexander McQueen Trading Limited**  
**Notes to the accounts**

**4 Operating loss**

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
<b>Operating loss is stated after charging/(crediting):</b>		
Depreciation charge for the year	121,925	553,831
Loss on disposal of fixed assets	-	15,195
Impairment of tangible fixed assets	-	2,357,936
Operating leases	5,244,280	2,740,552
Loss/(gain) on foreign exchange transactions	14,876	(4,436)
Auditor's remuneration; audit fees	34,000	34,000
	<u>34,000</u>	<u>34,000</u>

**5 Interest receivable and similar income**

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Bank interest receivable	1,468	314
	<u>1,468</u>	<u>314</u>

**6 Interest payable and similar expenses**

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Interest payable to group companies	114,573	92,991
Bank interest payable	252	-
	<u>114,825</u>	<u>92,991</u>

**Alexander McQueen Trading Limited**  
**Notes to the accounts**

**7 Tax on Loss**

**(a) Analysis of credit in the year**

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
<b>Current tax</b>		
<i>UK corporation tax</i>		
UK corporation tax at 19.00% (2017: 19.25%) on loss	-	-
Group relief surrender of previously unrecognised tax losses	(483,686)	(422,027)
Total current tax	(483,686)	(422,027)
Total deferred tax	-	-
<b>Total tax credit</b>	(483,686)	(422,027)

## Alexander McQueen Trading Limited

### Notes to the accounts

#### 7 Tax on Loss (continued)

##### (b) Factors affecting the tax credit for the current year

The tax assessed for the year is higher (2017: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
<b>Loss before taxation</b>	<b>(4,103,801)</b>	<b>(4,776,917)</b>
Current tax credit		
Tax on loss at standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(779,722)	(919,557)
<b>Effects of:</b>		
Disallowed expenses	1,717	1,006
Unrecognised deferred tax over capital allowances (in excess of)/lower than depreciation	(215,875)	168,516
Tax losses not recognised	983,619	486,894
Depreciation on non-qualifying assets	10,261	263,141
Group relief surrender of unrecognised tax losses, not provided for	(483,686)	(422,027)
<b>Total tax credit</b>	<b>(483,686)</b>	<b>(422,027)</b>



**Alexander McQueen Trading Limited**  
**Notes to the accounts**

**7 Tax on Loss (continued)**

**(c) Deferred tax**

Deferred tax assets as at the balance sheet date were as follows:

	<b>Year ended 31 December 2018 £</b>	<b>Year ended 31 December 2018 £</b>	<b>Year ended 31 December 2017 £</b>	<b>Year ended 31 December 2017 £</b>
	<b>Recognised in income</b>	<b>Unrecognised</b>	<b>Recognised in income</b>	<b>Unrecognised</b>
Tax effect of temporary differences due to:				
Tangible fixed assets	-	483,669	-	726,132
Tax losses carried forward	-	983,619	-	486,894
	<u>-</u>	<u>1,467,288</u>	<u>-</u>	<u>1,213,026</u>

The deferred assets in relation to accelerated capital allowances have not been recognised as there is insufficient evidence that the assets will be recovered through future taxable profits.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

**Alexander McQueen Trading Limited**  
**Notes to the accounts**

**8 Tangible fixed assets**

	<b>Leasehold improvements £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2018	4,943,055	2,661,838	55,787	7,660,680
Additions	4,441,682	1,878,156	-	6,319,838
Disposals	(3,790,767)	(2,313,931)	-	(6,104,698)
At 31 December 2018	<u>5,593,970</u>	<u>2,226,063</u>	<u>55,787</u>	<u>7,875,820</u>
<b>Depreciation</b>				
At 1 January 2018	4,016,330	2,434,442	53,954	6,504,726
Charge for the year	69,589	50,747	1,589	121,925
Disposals	(3,790,767)	(2,313,931)	-	(6,104,698)
At 31 December 2018	<u>295,152</u>	<u>171,258</u>	<u>55,543</u>	<u>521,953</u>
<b>Net book value</b>				
<b>At 31 December 2018</b>	<u>5,298,818</u>	<u>2,054,805</u>	<u>244</u>	<u>7,353,867</u>
At 31 December 2017	<u>926,725</u>	<u>227,396</u>	<u>1,833</u>	<u>1,155,954</u>

In 2018 £nil impairment charge was recognised in relation to the Company's leasehold properties and associated fixtures and fittings (2017: £2,357,936).

**Alexander McQueen Trading Limited**  
**Notes to the accounts**

**9 Investments**

	<b>31 December 2018 £</b>	<b>31 December 2017 £</b>
<b>Cost and net book value</b>		
At 31 December	<u>7,561,925</u>	<u>7,561,925</u>

The company has the following investments in subsidiaries:

<b>Subsidiary Undertakings</b>	<b>Registered office address</b>	<b>Principal activity</b>	<b>Class and percentage of shares held in the company</b>
Alexander McQueen Italia SRL	Via Don Lorenzo Perosi n.6, 50018 Casellina Scandicci (FI), Italy	Operation of retail stores	100%
Alexander McQueen Trading America Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States of America	Operation of retail stores and wholesale activities	100%
Alexander McQueen GmbH	Tuchlauben 7a, 1010 Wien, Austria	Operation of retail stores	100%

**Alexander McQueen Trading Limited**  
**Notes to the accounts**

**10 Stock**

	<b>31 December 2018 £</b>	<b>31 December 2017 £</b>
Finished goods and goods for resale	4,876,742	3,787,964

Changes in finished goods and goods for resale recognised as cost of sales in the year amounted to £5,706,651 (2017:£5,169,392).

**11 Debtors**

	<b>31 December 2018 £</b>	<b>31 December 2017 £</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	1,100,146	234,258
Amounts due from group undertakings	3,282,912	9,886,892
Other debtors	198,565	408,558
Prepayments	1,487,175	432,209
	<u>6,068,798</u>	<u>10,961,917</u>

Amounts due from group undertakings are unsecured and repayable on demand.

**12 Creditors**

	<b>31 December 2018 £</b>	<b>31 December 2017 £</b>
<b>Amounts falling due within one year:</b>		
Trade creditors	142,166	85,616
Amounts owed to group undertakings	29,273,461	27,764,973
Other taxes and social security	29,774	497,108
Accruals and deferred income	6,532,472	1,408,699
Other creditors	8,198	3,091
	<u>35,986,071</u>	<u>29,759,487</u>

Included within amounts owed to group undertakings are intercompany loans of £6,300,000 (2017: £8,350,000) which are unsecured and accrue interest at the prevailing 3 month LIBOR rate + 0.8%.

**13      Called up share capital**

[illegible]

## 14 Operating leases

At 31 December 2018 the company had commitments under non-cancellable operating leases related to store premises as follows:

	31 December 2018	31 December 2017
	Land and buildings £	Land and buildings £
Less than one year	3,819,370	2,198,082
Between one and five years	14,590,238	14,003,264
More than five years	26,322,723	29,823,539
	<u>44,732,331</u>	<u>46,024,885</u>

**15 Ultimate holding company, holding company and controlling party**

Financière Pinault SCA, a company incorporated in France, is the ultimate parent company. Kering S.A., a company incorporated in France is the largest and smallest group to consolidate and publish these financial statements. Consolidated accounts including the results of the Company are available to the public from 40, rue de Sèvres , Paris 75007, France.