

Company Registration Number: 04438273

Alexander McQueen Trading Limited

**Annual Report and Financial Statements
For the year ended 31 December 2017**



Alexander McQueen Trading Limited
Annual Report and Financial Statements 2017
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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

CMS Cameron McKenna Nabarro Oslwang LLP
Cannon Place
17 Cannon Street
London EC4N 6AF

Alexander McQueen Trading Limited

Strategic report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017, together with an update of activity for the subsequent period to the date of the filing of the accounts.

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 2017, the performance of Alexander McQueen Trading Limited has been positively influenced by the introduction of successful new collections and store refurbishments which has enhanced our customer shopping experience. The Company has also benefited from an increased level of tourism to the UK due to exchange rate movements.

Performance for the year

The Company has experienced growth in sales with a year on year increase of 2% (2016: 1%) on continuing operations.

The company is investing in a new store in Old Bond Street to replace its current flagship store and menswear store. As a result of this, impairments of £2,357,936 have been recognised on the Company's tangible fixed assets.

Based on the business review and given the investment in our stores, therefore, the Directors of Alexander McQueen Trading Limited are satisfied with the performance of the business during 2017, with an operating loss for the year of £4,684,240 (2016: £2,092,593)

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.

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.

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 industrial 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 September 2018

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 2017.

Results and dividends

The results for the year are set out in the profit and loss account on page 11.

The results for the year show a loss before tax of £4,776,917 (2016: £2,189,512) and sales of £10,869,963 (2016: £10,641,977).

The loss for the year after taxation of £4,354,890 (2016: £2,189,512) has been included in reserves.

The Directors do not propose the payment of a dividend for the year ended 31 December 2017 (2016: £nil).

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

Directors' report (continued)

Directors

The Directors of the Company during the year ended 31 December 2017 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 2017 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 2017 (2016: £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.

Political contributions

The company has not made any political contributions during the Year (2016: £nil).

Alexander McQueen Trading Limited

Directors' report (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.

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 September 2018

B D Van Holderbeke
Director



Company Registration Number: 04438273

Alexander McQueen Trading Limited

Statement of Directors' responsibilities in respect of the annual 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 2017 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 2017 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

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

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.

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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

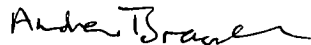
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an Auditor's Report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

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

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

27th September 2018

Alexander McQueen Trading Limited
Profit and loss account
For the year ended 31 December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Turnover	2	10,869,963	10,641,977
Cost of sales		(5,169,392)	(5,548,088)
Gross profit		5,700,571	5,093,889
Administrative expenses		(10,384,811)	(7,186,482)
Operating loss	4	(4,684,240)	(2,092,593)
Interest receivable and similar income	5	314	474
Interest payable and similar expenses	6	(92,991)	(97,393)
Loss before taxation		(4,776,917)	(2,189,512)
Taxation on loss	7	422,027	-
Loss from continuing operations		(4,354,890)	(2,189,512)
Retained loss and comprehensive loss for the financial year		(4,354,890)	(2,189,512)

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 14 to 27 form an integral part of these financial statements.

Alexander McQueen Trading Limited
Balance sheet
As at 31 December 2017

	Note	31 December 2017 £	31 December 2016 £
Fixed assets			
Tangible assets	8	1,155,954	3,230,531
Investments	9	7,561,925	7,561,925
		8,717,879	10,792,456
Current assets			
Stock	10	3,787,964	2,408,162
Debtors	11	10,961,917	20,194,853
Cash at bank and in hand		500,876	1,094,448
		15,250,757	23,697,463
Creditors			
Amounts falling due within one year	12	(29,759,487)	(35,925,879)
Net current liabilities		(14,508,730)	(12,228,416)
Net liabilities		(5,790,851)	(1,435,961)
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		(5,790,852)	(1,435,962)
Total equity shareholders' deficit		(5,790,851)	(1,435,961)

The notes on pages 14 to 27 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on *27 September* 2018.

B D Van Holderbeke
Director

Company Registration Number: 04438273



Alexander McQueen Trading Limited
Statement of changes in equity
31 December 2017

	Share capital	Profit and Loss Account	Total
	£	£	£
Balance at 1 January 2016	1	753,550	753,551
Loss for the year	-	(2,189,512)	(2,189,512)
Total comprehensive loss for the Year	-	(2,189,512)	(2,189,512)
Balance at 31 December 2016	1	(1,435,962)	(1,435,961)
Balance at 1 January 2017	1	(1,435,962)	(1,435,961)
Loss for the year	-	(4,354,890)	(4,354,890)
Total comprehensive loss for the year	-	(4,354,890)	(4,354,890)
Balance at 31 December 2017	1	(5,790,852)	(5,790,851)

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.

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;
- 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'.

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)

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

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

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

Retail revenue is recognised at point of sale in store.

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.

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 years straight line
Fixtures and fittings	7 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

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Stores are identified for impairment testing on the basis of current performance with growth assumptions, age, refurbishment history, and geographical proximity to other store locations taken into account.

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.

Alexander McQueen Trading Limited

Notes to the accounts

1 Accounting policies (continued)

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.

Pension scheme arrangements

The Company contributes to employees' personal pension schemes. Contributions are charged to the profit and loss account in respect of the accounting period.

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 Kering S.A., 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 2017 £	Year ended 31 December 2016 £
Trading activities in the UK	10,869,963	10,641,977
	<u>10,869,963</u>	<u>10,641,977</u>

3 Information regarding directors and employees

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

	Year ended 31 December 2017 No.	Year ended 31 December 2016 No.
Selling and administration	42	47
	<u>42</u>	<u>47</u>

Staff costs during the year

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Wages and salaries	1,782,623	1,845,319
Social security costs	229,849	216,851
Contributions to defined contribution plans	31,518	34,199
	<u>2,043,990</u>	<u>2,096,369</u>

Directors' emoluments

The Directors who held office during the year received no emoluments in respect of their services to the Company (31 December 2016: £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 2017	Year ended 31 December 2016
	£	£
Operating loss is stated after charging/(crediting):		
Depreciation charge for the year	553,831	613,367
Loss on disposal of fixed assets	15,195	-
Impairment of tangible fixed assets	2,357,936	351,365
Operating leases	2,740,552	2,033,522
(Gain)/loss on foreign exchange transactions	(4,436)	4,144
Auditor's remuneration; audit fees	42,500	42,500

5 Interest receivable and similar income

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Bank interest receivable	314	474

6 Interest payable and similar expenses

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Interest payable to group companies	92,991	97,316
Bank interest payable	-	77
	92,991	97,393

Alexander McQueen Trading Limited
Notes to the accounts

7 Tax on Loss

(a) Analysis of credit in the year

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Current tax		
<i>UK corporation tax</i>		
UK corporation tax at 19.25% (2016: 20.00%) on loss	-	-
Group relief surrender of previously unrecognised tax losses	(422,027)	-
Total current tax	(422,027)	-
Total deferred tax	-	-
Total tax (credit)/charge	(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 lower (2016: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Loss before taxation	(4,776,917)	(2,189,512)
Current tax (credit)		
Tax on loss at standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(919,557)	(437,902)
Effects of:		
Disallowed expenses	1,006	6,506
Unrecognised deferred tax over capital allowances (lower than)/in excess of depreciation	168,516	(56,200)
Tax losses not recognised	486,894	437,662
Depreciation on non-qualifying assets	263,141	49,934
Group relief surrender of previously unrecognised tax losses	(422,027)	-
Total tax (credit)	(422,027)	-

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:

	Year ended 31 December 2017 £	Year ended 31 December 2017 £	Year ended 31 December 2016 £	Year ended 31 December 2016 £
	Recognised in income	Unrecognised	Recognised in income	Unrecognised
Tax effect of temporary differences due to:				
Tangible fixed assets	-	726,132	-	646,342
Tax losses carried forward	-	486,894	-	437,662
	<u>-</u>	<u>1,213,026</u>	<u>-</u>	<u>1,084,004</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 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were 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 2017 has been calculated based on these rates.

Alexander McQueen Trading Limited

Notes to the accounts

8 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2017	4,538,588	2,702,449	81,033	7,322,070
Additions	776,816	79,920	-	856,736
Disposals	(372,349)	(120,531)	(25,246)	(518,126)
At 31 December 2017	4,943,055	2,661,838	55,787	7,660,680
Depreciation				
At 1 January 2017	2,910,666	1,110,766	70,107	4,091,539
Charge for the year	274,687	274,402	4,742	553,831
Impairment losses	1,201,259	1,156,677	-	2,357,936
Disposals	(370,282)	(107,403)	(20,895)	(498,580)
At 31 December 2017	4,016,330	2,434,442	53,954	6,504,726
Net book value				
At 31 December 2017	926,725	227,396	1,833	1,155,954
At 31 December 2016	1,627,922	1,591,683	10,926	3,230,531

In the current year an impairment charge £2,357,936 (2016: £351,365) was recognised in relation to one of the Company's leasehold properties and associated fixtures and fittings.

Alexander McQueen Trading Limited

Notes to the accounts

9 Investments

	31 December 2017 £	31 December 2016 £
Cost and net book value		
At 1 January and 31 December 2017	<u>7,561,925</u>	<u>7,561,925</u>

The company has the following investments in subsidiaries:

Subsidiary Undertakings	Registered office address	Principal activity	Class and percentage of shares held in the company
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	Opération 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

	31 December 2017 £	31 December 2016 £
Finished goods and goods for resale	3,787,964	2,408,162

Changes in finished goods and goods for resale recognised as cost of sales in the year amounted to £5,169,392 (2016:£5,548,088).

11 Debtors

	31 December 2017 £	31 December 2016 £
Amounts falling due within one year:		
Trade debtors	234,258	95,019
Amounts due from group undertakings	9,886,892	19,156,258
Other debtors	408,558	187,795
Prepayments	432,209	755,781
	<u>10,961,917</u>	<u>20,194,853</u>

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

12 Creditors

	31 December 2017 £	31 December 2016 £
Amounts falling due within one year:		
Trade creditors	85,616	85,929
Amounts owed to group undertakings	27,764,973	34,348,791
Other taxes and social security	497,108	301,284
Accruals and deferred income	1,408,699	1,027,796
Other creditors	3,092	162,079
	<u>29,759,487</u>	<u>35,925,879</u>

Included within amounts owed to group undertakings are intercompany loans of £8,350,000 (2016: £5,850,000) which are unsecured and accrue interest at the prevailing 3 month LIBOR rate + 0.8%.

Alexander McQueen Trading Limited

Notes to the accounts

13 Called up share capital

	31 December 2017 £	31 December 2016 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
	31 December 2017 £	31 December 2016 £
Called up, allotted and fully paid		
1 ordinary shares of £1 each	1	1
	<u> </u>	<u> </u>

14 Operating leases

At 31 December 2017 the company had commitments under non-cancellable operating leases related to store premises as follows:

	31 December 2017	31 December 2016
	Land and buildings £	Land and buildings £
Less than one year	2,198,082	2,286,569
Between one and five years	14,003,264	7,682,844
More than five years	29,823,539	8,742,967
	<u>46,024,885</u>	<u>18,712,380</u>

15 Ultimate holding company, holding company and controlling party

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