

Kurt Geiger Limited

Report and Financial Statements

Year ended

31 December 2015

Company Number 00968046

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Kurt Geiger Limited

Report and financial statements for the year ended 31 December 2015

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Directors

D N Christilaw
N C Clifford
R E Farrar-Hockley

Secretary and registered office

D N Christilaw, 24 Britton Street, London, EC1M 5UA

Company number

00968046

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Kurt Geiger Limited

Strategic report for the year ended 31 December 2015

Business Review

The company achieved a turnover of £281.6m in the year (2014: £251.8m). The company has continued to invest in new and existing outlets throughout the UK.

The balance sheet set out on page 8 of the financial statements shows the company's financial position.

Principal Risks and Uncertainties

Other than liquidity and currency risks the main risks facing the company are economic and fashion related. As the company's main source of revenue is sales directly to the public, it is exposed to the impact of changing economic conditions upon the public's propensity to consume and real disposable income. Although the company cannot directly influence economic conditions it must take the prevailing environment into account when planning product ranges and pricing structures.

Financial Key Performance Indicators

The key financial performance indicators that are used to monitor and manage the business are primarily net turnover, gross margin percentage and EBITDA.

Change in ownership

At 31 December 2015 the ultimate parent company was Jasper Footwear Topco Limited which is a company incorporated in the Cayman Islands, whose majority shareholder is Sycamore Partners (Cayman) L.P. On 12 December 2015, Jasper Footwear Topco Ltd entered into a conditional share purchase agreement providing for the acquisition of Kurt Geiger Topco Limited, a company incorporated in the Cayman Islands, by Mercury Acquisition Limited, which is ultimately controlled by Cinven Partners LLP.

The transaction was completed on 19 February 2016.

By order of the Board

D N Christilaw
Secretary

Date 31/08/16

Kurt Geiger Limited

Report of the directors for the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Results and dividends

The statement of comprehensive income is set out on page 7 and shows the profit for the year.

The directors define EBITDA as profit before interest, tax, depreciation, amortisation, dividends received and certain group charges. The company's EBITDA for the year ended 31 December 2015 was £28.9m (2014 - £21.2m).

There was a profit for the year after taxation amounting to £20.4m (2014 - £10.2m). Retained profit of £20.4m (2014 - £10.2m) has been transferred to reserves.

A distribution of £12m was paid during the year to KG Group Holdings Limited (2014 £nil).

Principal activity

The principal activity of the company is the design, distribution and retailing of high quality branded shoes and accessories through free-standing shops, online, wholesale and concessions within upmarket department stores.

Financial Risk Management

The main risks arising from the company's activities are liquidity risk and currency risk.

Liquidity risk

The group seeks to manage financial risk by ensuring significant liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The group is exposed to translation and transaction foreign exchange risk as a result of its foreign subsidiary operations and foreign suppliers. The group is not exposed to currency risk in respect of its loans as all borrowings are denominated in sterling.

The key currencies that the group are exposed to are the Euro and USD. It is considered that the level of Euro purchases are covered to some degree by income received in Euros from overseas activities.

Kurt Geiger Limited

Report of the directors for the year ended 31 December 2015 (continued)

Charitable and political donations

The charitable donations made in the current year amounted to £4,202 (2014 - £11,935). There were no political donations in the current or previous year.

Directors

The directors of the company during the year or subsequently were as follows:

D N Christilaw
N C Clifford
R E Farrar-Hockley
S McClymont (Resigned 1st May 2015)

Disabled persons

It is the policy of the company to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

Employee involvement

Information is provided regularly to employees by means of normal management communication channels using written material and face-to-face meetings.

A general awareness of the company's performance is maintained through regular-weekly company bulletins and through individual performance appraisals, employees are made aware of their individual contribution to the company.

The environment

The company has continued to adopt policies and procedures, which takes account of the need to preserve and protect the environment. The directors are committed to compliance with environmental best practice in all aspects of the business.

Policy on payment of creditors

It is the company's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full.

Kurt Geiger Limited

Report of the directors for the year ended 31 December 2015 (continued)

Directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

By order of the Board

D N Christilaw
Secretary

Date

31/08/16

Kurt Geiger Limited

Independent auditor's report

TO THE MEMBERS OF KURT GEIGER LIMITED

We have audited the financial statements of Kurt Geiger Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Kurt Geiger Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

*Geraint Jones (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date *31 August 2016*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Kurt Geiger Limited

Statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	3	281,637	251,775
Cost of sales		(124,267)	(118,739)
Gross profit		157,370	133,036
Distribution costs		(114,631)	(103,228)
Administrative expenses		(20,588)	(20,082)
		22,151	9,726
Other operating income	6	124	1,408
Operating profit	6	22,275	11,134
Interest receivable		796	467
Interest payable and similar charges	7	(287)	(160)
Profit on ordinary activities before taxation		22,784	11,441
Taxation on profit from ordinary activities	8	(2,420)	(1,195)
Total comprehensive income for the year		20,364	10,246

All amounts relate to continuing operations.

The notes on pages 10 to 22 form part of these financial statements.

Kurt Geiger Limited

Balance sheet at 31 December 2015

Company number 00968046	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Intangible assets	10		2,607		410
Tangible assets	11		12,201		12,694
Investments	12		53		53
			<hr/>		<hr/>
			14,861		13,157
Current assets					
Stocks	13	62,110		58,611	
Debtors	14	47,061		42,276	
Cash at bank and in hand		10,186		10,734	
		<hr/>		<hr/>	
		119,357		111,621	
Creditors: amounts falling due within one year	15	(50,601)		(49,525)	
		<hr/>		<hr/>	
Net current assets			68,756		62,096
			<hr/>		<hr/>
Net assets			83,617		75,253
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17, 22		770		770
Other reserves	22		23,496		23,496
Profit and loss account	22		59,351		50,987
			<hr/>		<hr/>
Shareholders' funds			83,617		75,253
			<hr/>		<hr/>

The financial statements were approved by the Board and authorised for issue on 31/8/16

D N Christilaw
Director



The notes on pages 10 to 22 form part of these financial statements.

Kurt Geiger Limited

Statement of changes in equity for the year ended 31 December 2015

For the year ended 31 December 2015

	Share capital £'000	Other Reserves £'000	Profit and loss account £'000	Total equity £'000
1 January 2015	770	23,496	50,987	75,253
Comprehensive income for the year				
Profit for the year	-	-	20,364	20,364
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	20,364	20,364
Contributions by and distributions to owners				
Dividends	-	-	(12,000)	(12,000)
Total contributions by and distributions to owners	-	-	(12,000)	(12,000)
31 December 2015	770	23,496	59,351	83,617

For the year ended 31 December 2014

	Share capital £'000	Other Reserves £'000	Profit and loss account £'000	Total equity £'000
1 January 2014	770	23,496	36,749	61,015
Comprehensive income for the year				
Profit for the year	-	-	10,246	10,246
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	10,246	10,246
Contributions by and distributions to owners				
Capital Contribution	-	-	3,992	3,992
Total contributions by and distributions to owners	-	-	3,992	3,992
31 December 2014	770	23,496	50,987	75,253

The notes on pages 10 to 22 form part of these financial statements.

Kurt Geiger Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015 but may be applied early to periods ending on or after 31 December 2012. Information on the impact of first-time adoption of FRS 102 is given in note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The following principal accounting policies have been applied:

Basis of preparation

Consolidated financial statements have not been prepared, as permitted by section 400 of the Companies Act 2006 as the company's results are included in the financial statements of Jasper Footwear Limited, which is incorporated in the United Kingdom and prepares group financial statements. These financial statements contain information about Kurt Geiger Limited as an individual group company and do not contain consolidated financial information as the parent of a group.

In preparing the financial statements of Kurt Geiger Limited, advantage has been taken of the cash flow disclosure exemption available in FRS 102.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Turnover includes sales through concession departments, free standing stores, online and wholesale. Turnover is recognised when the risk and rewards of ownership of goods has passed to the customer, which is generally either at the point of sale or on delivery.

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives and recognised as an administrative expense in the income statement. The useful economic life for trademarks is based upon the terms of the registration year. The useful life for service and operating rights is based upon contractual terms.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Short leasehold	- period of lease
Fixtures, fittings, vehicles and equipment	- 3 to 5 years

Kurt Geiger Limited

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

1 Accounting policies (continued)

Fixed asset investments

Investments held as fixed assets are stated at cost less any provision required for a permanent impairment in value.

Stocks

Stock is stated at the lower of cost and estimated net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the income statements over the term of the lease.

However, the group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the period to the first market rent review rather than the term of the lease.

Kurt Geiger Limited

Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

1 Accounting policies (*continued*)

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Retirement benefit schemes

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

The company participates in the Kurt Geiger Group Personal Pension Scheme, an approved defined contribution scheme, under which retirement benefits are funded by contributions from the company and employees.

Termination benefits

The group makes payments to employees on termination of their employment. Termination benefits are recognised when the group demonstrates that they are committed to either terminate the employment of the employee before the normal retirement date or to provide benefits in order to encourage voluntary redundancy. Termination benefits are recognised as an expense in the income statement.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible asset. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (*continued*)

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 11)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Stock provisioning (see note 13)*

The company designs, distributes and sells high quality branded shoes and accessories and is subject to changing consumer and fashion trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of the product.

3 Turnover

The turnover is wholly attributable to the principal activity of the company, being the design, distribution and retailing of women's and men's luxury footwear and accessories, and arises predominately in the UK.

4 Employees

	2015 £'000	2014 £'000
Staff costs consist of:		
Wages and salaries	35,366	30,759
Social security costs	2,853	2,754
Other pension costs	1,046	1,040
	<u>39,265</u>	<u>34,553</u>
The average number of employees, including directors, during the year was:	Number	Number
Branch staff	1,626	1,565
Head office staff	272	240
	<u>1,898</u>	<u>1,805</u>

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

5 Directors

	2015 £'000	2014 £'000
Directors' remuneration consists of:		
Emoluments	2,420	2,005
Contributions made under pension schemes	41	135
	<u>2,461</u>	<u>2,140</u>

During the year 4 directors (2014 - 4) participated in the defined contribution scheme.

	2015 £'000	2014 £'000
Highest paid director:		
Emoluments	1,039	873
Contributions made under pension schemes	6	41
	<u>1,045</u>	<u>914</u>

6 Operating profit

	2015 £'000	2014 £'000
This has been arrived at after charging/(crediting):		
Inventory recognised as an expense	124,267	118,739
Depreciation of tangible fixed assets	6,078	8,122
Loss on disposal of fixed assets	32	245
Amortisation of intangible assets	502	195
Hire of plant and machinery - operating leases	180	150
Foreign exchange gains	(2,665)	(2,196)
Rent of land and buildings - operating leases	7,865	6,982
Auditor's remuneration		
- audit services	110	134
- tax services	83	67
Other operating income	124	1,408
	<u></u>	<u></u>

Other operating income relates to the sublet of a store and licensing royalties.

7 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable on loan from parent undertaking	<u>287</u>	<u>160</u>

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

8 Taxation on profit from ordinary activities

	2015 £'000	2014 £'000
<i>Current tax</i>		
Corporation tax	2,506	1,519
Adjustment in respect of prior years	57	126
Total current tax	2,563	1,645
<i>Deferred tax</i>		
Timing differences	(201)	(471)
Adjustment in respect of prior periods	(145)	21
Change in tax rate	203	-
Total deferred tax (note 16)	(143)	(450)
Total tax charge for the year	2,420	1,195

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	22,784	11,441
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25 % (2014 - 21.49%)	4,613	2,459
Effects of:		
Expenses not deductible for tax purposes	165	339
Changes in tax rates	228	35
Group relief claimed	(2,498)	(1,615)
Group income not taxable	-	(170)
Adjustment in respect of prior years	(88)	147
Current tax charge for year	2,420	1,195

9 Dividends

The company paid a distribution of £12,000,000 to its immediate parent company KG Group Holdings Limited (2014 £nil).

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

10 Intangible assets	£'000
<i>Cost</i>	
At 1 January 2015	1,293
Additions	2,699
	<hr/>
At 31 December 2015	3,992
	<hr/>
<i>Amortisation</i>	
At 1 January 2015	883
Provided for the year	502
	<hr/>
At 31 December 2015	1,385
	<hr/>
<i>Net book value</i>	
At 31 December 2015	2,607
	<hr/>
At 31 December 2014	410
	<hr/>

Additions relate to the acquisition of trademarks worldwide and a fee paid for a service and operating right.

11 Tangible assets	Fixtures, fittings, vehicles and equipment £'000
<i>Cost</i>	
At 1 January 2015	55,197
Additions	5,617
Disposals	(2,380)
	<hr/>
At 31 December 2015	58,434
	<hr/>
<i>Depreciation</i>	
At 1 January 2015	42,503
Provided for the year	6,078
Disposals	(2,348)
	<hr/>
At 31 December 2015	46,233
	<hr/>
<i>Net book value</i>	
At 31 December 2015	12,201
	<hr/>
At 31 December 2014	12,694
	<hr/>

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

12 Fixed asset investments

£'000

Shares in subsidiary undertakings:

At 31 December 2014 and 31 December 2015

53

The company has the following wholly owned subsidiary undertakings:

Name	Country of incorporation or registration	Nature of business
Kurt Geiger Ireland Limited	Ireland	Retail of shoes and accessories
Kurt Geiger Italy Srl*	Italy	Retail of shoes and accessories
Kurt Geiger Germany GmbH*	Germany	Retail of shoes and accessories
Kurt Geiger Australia Pty Ltd*	Australia	Retail of shoes and accessories
Kurt Geiger France SAS*	France	Non-trading
Kurt Geiger Shoes Limited*	England	Non-trading
Carvela Limited*	England	Non-trading
Shoeaholics Limited*	England	Non-trading

*These entities are exempt from an audit in the current year. Kurt Geiger Shoes Limited, Carvela Limited and Shoeaholics Limited are all dormant companies.

13 Stocks

	2015 £'000	2014 £'000
Goods held for resale	62,110	58,611

There is no material difference between the replacement cost of stocks and the amounts stated above. The amounts stated are net of stock provisions of £4.7m (2014 - £5.1m). During the year £124.3m (2014 - £118.7m) of stock was sold.

14 Debtors

	2015 £'000	2014 £'000
Trade debtors	18,105	21,848
Other debtors	1,206	1,155
Amounts owed by other group undertakings	20,646	13,070
Prepayments and accrued income	5,073	4,315
Deferred tax asset (note 16)	2,031	1,888
	47,061	42,276

All amounts shown under debtors fall due for payment within one year except for deferred tax (note 16).

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

15 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	25,126	25,989
Taxation and social security	6,843	6,483
Corporation tax (note 8)	664	791
Other creditors	4,987	5,499
Accruals and deferred income	12,967	10,761
Accrued interest	14	2
	<u>50,601</u>	<u>49,525</u>

16 Deferred tax asset

The deferred tax recognised in the financial statements is set out below:

	2015 £'000	2014 £'000
At start of period	1,888	1,438
Provided in the year (note 8)	143	450
	<u>2,031</u>	<u>1,888</u>
At end of year (note 14)		
<i>Deferred taxation</i>		
Accelerated capital allowances	1,843	1,812
Sundry timing differences	188	76
	<u>2,031</u>	<u>1,888</u>

17 Share capital

	2015 £'000	2014 £'000
<i>Allotted, called up and fully paid</i>		
7,700,000 ordinary shares of 10p each	<u>770</u>	<u>770</u>

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

18 Capital commitments

	2015 £'000	2014 £'000
Contracted but not provided for	2,190	250

19 Commitments

The company has annual commitments under operating leases as follows:

	2015 Land and buildings £'000	2015 Other £'000	2014 Land and buildings £'000	2014 Other £'000
Operating leases which expire:				
Within one year	7,801	232	7,580	223
In two to five years	24,527	422	27,399	10
Over five years	11,964	-	14,645	-
	<u>44,292</u>	<u>654</u>	<u>49,624</u>	<u>233</u>

The company is party to a £70m loan facility borrowed by KG Group Holdings Limited which was repaid post year end.

20 Pensions

During the year, within the United Kingdom, the company participated in the Kurt Geiger Group Personal Pension Scheme, an approved defined contribution scheme established with Scottish Equitable.

The pension cost under the Kurt Geiger Group Personal Pension Scheme amounted to £1,046,000 (2014 - £1,040,000). A pension creditor of £125,000 (2014 - £121,000) is included in the balance sheet in relation to this scheme.

A separate pension accrual of £245,000 (2014 - £175,000) is included in the balance sheet in relation to other salary costs.

Kurt Geiger Limited

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

21 Financial instruments

The Company's financial instruments may be analysed as follows:

	2015 £'000	2014 £'000
Financial assets		
Financial assets measured at amortised cost	50,143	46,807
Financial liabilities		
Financial liabilities measured at amortised cost	(30,113)	(31,488)

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, and amounts owed by group companies.

Financial liabilities measured at amortised cost comprise trade creditors and other creditors.

22 Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Other reserves – represents the settlement of an intercompany debt by means of a capital contribution.

Profit and loss account – includes all current and prior period retained profits and losses.

23 Ultimate parent company

At 31 December 2015 the company's immediate parent company was KG Group Holdings Limited, 100% owned by Jasper Footwear Limited, which is the parent of the smallest group of which the company is a member and for which group financial statements have been prepared. These accounts are available from Companies House.

At 31 December 2015 the ultimate parent company was Jasper Footwear Topco Limited which is a company incorporated in the Cayman Islands, whose majority shareholder is Sycamore Partners (Cayman) L.P.

On 12 December 2015, Jasper Footwear Topco Limited entered into a conditional share purchase agreement providing for the acquisition of Kurt Geiger Topco Limited, a company incorporated in the Cayman Islands, by Mercury Acquisition Limited, which is ultimately controlled by Cinven Partners LLP.

The transaction was completed on 19 February 2016.

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

24 First time adoption of FRS 102

	Note	Equity as at 1 January	Profit for the year ended 31 December	Other reserves as at 31 December	Equity as at 31 December
		2014 £'000	2014 £'000	2014 £'000	2014 £'000
As previously stated under former UK GAAP		61,169	10,299	3,992	75,460
As restated under former UK GAAP					
Transitional adjustments					
Holiday accrual	a	(193)	(49)	-	(242)
Lease incentives	b	-	(17)	-	(17)
Deferred tax asset	c	39	13	-	52
As stated in accordance with FRS 102		<u>61,015</u>	<u>10,246</u>	<u>3,992</u>	<u>75,253</u>

Explanation of changes to previously reported profit and equity:

- FRS 102 requires that unused holiday and other leave entitlement carried forward from one year to the next be provided for within the financial statements. This was not required under previous UK GAAP. This change has been retrospectively applied, leading to the recognition of a financial liability and an increase in administrative expenses and distribution costs for the year ended 31 December 2014.
- FRS 102 effectively requires that the benefit of lease incentives received on entering into new leases be spread over the lease term. Under previous UK GAAP these incentives were spread over the period to the next market rent review. The company has taken the optional exemption available under FRS 102 to continue to spread such incentives over the periods previously used for those leases entered into before the date of transition to FRS 102, being 1 January 2014. However, it has been necessary to change the period for those leases entered into during the year ended 31 December 2014. This has resulted in an increase in the rental expense and a reduction in tax charge for the year ended 31 December 2014 and an increase in deferred income.
- Deferred tax is being recognised for the extra losses created by the holiday accrual and the lease incentive adjustment. This has been recognised on the expectation of future profits to utilise the losses. This has resulted in an increase in deferred tax asset and credit to the tax charge for the year ended 31 December 2014.

Kurt Geiger Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

25 Related party transactions

- The company has taken advantage of the exemption allowed by FRS 102 not to disclose any transactions with entities that are included in the consolidated financial statements of Jasper Footwear Limited on the grounds that 100% of the voting rights in the company are controlled within the group and the company is included within those financial statements.