

Kurt Geiger Limited

Report and Financial Statements

Period ended

28 January 2017

Company Number 00968046

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Kurt Geiger Limited

Report and financial statements for the period ended 28 January 2017

Contents

Page:

1	Strategic report
2	Report of the directors
4	Statement of directors' responsibilities in respect of the annual report and the financial statements
5	Independent auditor's report to the members of Kurt Geiger Limited
7	Statement of comprehensive income
8	Balance sheet
9	Statement of changes in equity
10	Notes forming part of the financial statements

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

KPMG LLP, 15 Canada Square, London E14 5GL

Kurt Geiger Limited

Strategic report for the period ended 28 January 2017

Business Review

The company achieved a turnover of £337.6m in the 13 month period ended 28 January 2017 (2015: £281.6m). The company has continued to invest in new and existing outlets throughout the UK.

The balance sheet set out on page 7 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

Up to 19 February 2016 the company's ultimate parent was Jasper Footwear Topco Limited, a company incorporated in the Cayman Islands, whose majority shareholder was Sycamore Partners (Cayman) L.P.

On 19 February 2016 Mercury Acquisitions Limited acquired Kurt Geiger Topco Limited and its subsidiaries, including the company.

At 28 January 2017 the ultimate parent company was Mercury Acquisitions Topco Limited, a company incorporated in Jersey whose majority shareholder is the Fifth Cinven Fund.

By order of the Board

D N Christilaw
Secretary



Date 22/05/2017

Kurt Geiger Limited

Report of the directors for the period ended 28 January 2017

The directors present their report together with the audited financial statements for the period ended 28 January 2017.

The company changed its financial year end from 31 December to a floating date falling on a Saturday on or about 31 January following a retail calendar. Accordingly, the figures from the statement of comprehensive income and the related notes are for the 13 months from 1 January 2016 to 28 January 2017 and the comparative figures are for the 12 months ended 31 December 2015.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the profit for the period.

The directors define EBITDA as profit before interest, tax, depreciation, amortisation, dividends received and unusual / non-recurring items. The company's EBITDA for the 13 month period ended 28 January 2017 was £30.5m (12 months ended 31 December 2015: £28.9m).

On a comparable basis, EBITDA for the 12 months to 28 January 2017 was £31.2m (12 months ended 30 January 2016: £28.6m).

There was a profit for the 13 month period ended 28 January 2017 after taxation amounting to £22.3m (2015: £20.4m). Retained profit of £22.3m (12 months ended 31 December 2015: £20.4m) has been transferred to reserves.

The company received a dividend of £1,296,000 (2015: £nil) from its subsidiary Kurt Geiger Ireland Limited.

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. The company uses derivative financial instruments to manage exposures to fluctuations in foreign currency exchange rates.

Charitable and political donations

The charitable donations made in period ended 28 January 2017 amounted to £3,788 (12 month period ended 31 December 2015: £4,202). A political donation of £500 was made during the period (2015: nil).

Kurt Geiger Limited

Report of the directors for the period ended 28 January 2017 (*continued*)

Directors

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

D N Christilaw
N C Clifford
R E Farrar-Hockley

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.

Auditor

BDO resigned as auditors of the Company on 6 February 2017, KPMG LLP (Registered office address: 15 Canada Square, London E14 5GL) were appointed on 24 February 2017. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to have been reappointed and KPMG LLP will therefore continue in office.

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.

By order of the Board


D N Christilaw
Secretary

Date 22/05/2017

Kurt Geiger Limited

Statement of directors' responsibilities in respect of the report and the financial statements for the period ended 28 January 2017

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 Accounting Standards, applicable law and FRS102 *The Financial Reporting Standards applicable in the UK and Republic of Ireland*. 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KURT GEIGER LIMITED

We have audited the financial statements of Kurt Geiger Limited for the 13 month period ended 28 January 2017 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Auditing Practices Board'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 Financial Reporting Council'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 28 January 2017 and of the company's profit for the period then ended;
- have been properly prepared in accordance with UK 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 period is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KURT GEIGER LIMITED *(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.

Aimie Keki (**Senior Statutory Auditor**)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants



15 Canada Square
London, E14 5GL

Date: 23/5/17

Kurt Geiger Limited

Statement of comprehensive income for the period ended 28 January 2017

	Note	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 £'000
Turnover	3	337,653	281,637
Cost of sales		(156,268)	(124,267)
Gross profit		181,385	157,370
Distribution costs		(137,254)	(114,631)
Administrative expenses		(23,533)	(20,588)
		20,598	22,151
Other operating income	6	1,470	124
Operating profit	6	22,068	22,275
Interest receivable	7	1,245	796
Interest payable and similar charges	8	(685)	(287)
Profit on ordinary activities before taxation		22,628	22,784
Taxation on profit from ordinary activities	9	(377)	(2,420)
Total comprehensive income for the period		22,251	20,364

All amounts relate to continuing operations.

The notes on pages 10 to 24 form part of these financial statements.

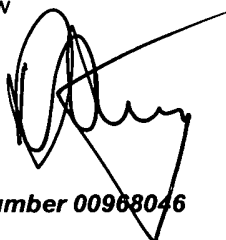
Kurt Geiger Limited

Balance sheet at 28 January 2017

	Note	28 January 2017 £'000	28 January 2017 £'000	31 December 2015 restated £'000	31 December 2015 restated £'000
Fixed assets					
Intangible assets	11		2,966		2,858
Tangible assets	12		11,850		11,950
Investments	13		53		53
			<hr/>		<hr/>
			14,869		14,861
Current assets					
Stocks	14	57,535		62,110	
Debtors	15	61,270		49,146	
Cash at bank and in hand		28,510		10,186	
		<hr/>		<hr/>	
		147,315		121,442	
Creditors: amounts falling due within one year	16	(56,316)		(52,686)	
		<hr/>		<hr/>	
Net current assets		90,999			68,756
			<hr/>		<hr/>
Net assets			105,868		83,617
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18, 23		770		770
Other reserves	23		23,496		23,496
Profit and loss account	23		81,602		59,351
			<hr/>		<hr/>
Shareholders' funds			105,868		83,617
			<hr/>		<hr/>

The financial statements were approved by the Board and authorised for issue on 22/05/2017

D N Christilaw
Director



Company number 00968046

The notes on pages 10 to 24 form part of these financial statements.

Kurt Geiger Limited

Statement of changes in equity for the period ended 28 January 2017

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 13 months ended 28 January 2017

	Share capital £'000	Other Reserves £'000	Profit and loss account £'000	Total equity £'000
1 January 2016	770	23,496	59,351	83,617
Comprehensive income for the period				
Profit for the period	-	-	22,251	22,251
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	22,251	22,251
Total contributions by and distributions to owners	-	-	-	-
28 January 2017	770	23,496	81,602	105,868

The notes on pages 10 to 24 form part of these financial statements.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017

1 Accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102").

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 Mercury Midco 1 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 company.

In preparing the financial statements of Kurt Geiger Limited, advantage has been taken of the cash flow disclosure and key management personnel compensation exemptions available in FRS 102.

Restatement

The directors have remapped prior year comparatives balances within fixed assets and have re-categorised e-commerce development costs into intangible assets from tangible assets.

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.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised is direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. The useful economic life for development costs is 3 years.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017 (*continued*)

1 Accounting policies (*continued*)

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:

Fixtures, fittings, vehicles and equipment - 3 to 5 years

Basic financial instruments

- *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

- *Cash and cash equivalents*

Cash and cash equivalents comprise of cash balances.

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.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017 (*continued*)

1 Accounting policies (*continued*)

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

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

All leases the company enters in are 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.

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.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017 (continued)

1 Accounting policies (continued)

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.

A defined contribution plan is a post-employment benefit plan under which the company pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

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.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of comprehensive income.

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 the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Interest receivable and interest payable

Interest payable and similar charges include interest payable on bank loans and intra group loans. Interest receivable is the interest receivable on intra group loans.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017 (*continued*)

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.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 12)*

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 14)*

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, kids and men's luxury footwear and accessories, and arises predominately in the UK and Ireland.

Kurt Geiger Limited

Notes forming part of the financial statements
for the period ended 28 January 2017 (*continued*)

4 Employees

	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 £'000
Staff costs consist of:		
Wages and salaries	38,659	35,366
Social security costs	3,019	2,853
Other pension costs	944	1,046
	<u>42,622</u>	<u>39,265</u>

	13 months ended 28 January 2017 Number	Year ended 31 December 2015 Number
The average number of employees, including directors, during the period was:		
Branch staff	1,795	1,626
Head office staff	310	272
	<u>2,105</u>	<u>1,898</u>

5 Directors

	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 £'000
Directors' remuneration consists of:		
Emoluments	2,598	2,420
Contributions made under pension schemes	56	41
	<u>2,654</u>	<u>2,461</u>

During the 13 month period 3 directors (2015 - 3) participated in the defined contribution scheme.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017 (continued)

5 Directors (continued)

	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 £'000
Highest paid director:		
Emoluments	1,041	1,039
Contributions made under pension schemes	-	6
	<u>1,041</u>	<u>1,045</u>

6 Operating profit

	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 restated £'000
This has been arrived at after charging/(crediting):		
Inventory recognised as an expense	156,268	124,267
Depreciation of tangible fixed assets	5,609	6,066
Loss on disposal of fixed assets	162	32
Amortisation of intangible assets	608	514
Hire of plant and machinery - operating leases	145	180
Foreign exchange gains	(873)	(2,665)
Rent of land and buildings - operating leases	8,919	7,865
Auditor's remuneration		
- audit services	118	110
Other operating income	1,470	124
	<u>1,470</u>	<u>124</u>

Other operating income relates to the sublet of a store, a dividend received during the period from Kurt Geiger Ireland Limited and licensing royalties.

7 Interest receivable

	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 £'000
Interest receivable on amounts owed from group undertakings	1,214	760
Bank interest receivable	31	36
	<u>1,245</u>	<u>796</u>

Kurt Geiger Limited

Notes forming part of the financial statements
for the period ended 28 January 2017 (*continued*)

8 Interest payable and similar charges

	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 £'000
Interest payable on amounts owed to group undertakings	151	81
Other loan interest payable	534	206
	<u>685</u>	<u>287</u>

9 Taxation on profit from ordinary activities

	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 £'000
<i>Current tax</i>		
Corporation tax	505	2,506
Adjustment in respect of prior years	(5)	57
	<u>500</u>	<u>2,563</u>
<i>Deferred tax</i>		
Timing differences	(228)	(201)
Adjustment in respect of prior periods	(44)	(145)
Change in tax rate	149	203
	<u>(123)</u>	<u>(143)</u>
Total deferred tax (note 17)	(123)	(143)
	<u>377</u>	<u>2,420</u>

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017 (continued)

9 Taxation on profit from ordinary activities (continued)

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

	13 months ended 28 January 2017 £'000	Year ended 31 December 2015 £'000
Profit on ordinary activities before tax	22,628	22,784
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 20.25 %)	4,526	4,613
Effects of:		
Expenses not deductible for tax purposes	186	165
Changes in tax rates	149	228
Group relief claimed	(4,176)	(2,498)
Group income not taxable	(259)	-
Adjustment in respect of prior years	(49)	(88)
Current tax charge for period	377	2,420

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 tax charge accordingly. The deferred tax asset at 28 January 2017 has been calculated based on these rates.

10 Dividends

The company received a dividend of £1,296,000 from its subsidiary Kurt Geiger Ireland Limited (2015 £nil).

Kurt Geiger Limited

Notes forming part of the financial statements
for the period ended 28 January 2017 (*continued*)

11 Intangible assets

	Trademarks	Operating right	Development costs	Total
	£'000	£'000	£'000	£'000
<i>Cost</i>				
At 1 January 2016 - restated	1,992	2,000	262	4,254
Additions	36	20	660	716
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 January 2017	2,028	2,020	922	4,970
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At 1 January 2016 - restated	1,135	249	12	1,396
Charged in the period	182	291	135	608
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 January 2017	1,317	540	147	2,004
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 28 January 2017	711	1,480	775	2,966
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015 - restated	857	1,751	250	2,858
	<hr/>	<hr/>	<hr/>	<hr/>

The directors have remapped the balances within fixed assets and have re-categorised e-commerce website development costs into intangible assets from tangible assets.

Kurt Geiger Limited

Notes forming part of the financial statements
for the period ended 28 January 2017 (*continued*)

12 Tangible assets

	Fixtures, fittings, vehicles and equipment £'000
<i>Cost</i>	
At 1 January 2016 - restated	58,172
Additions	5,736
Disposals	(484)
	<hr/>
At 28 January 2017	63,424
	<hr/>
<i>Depreciation</i>	
At 1 January 2016 - restated	46,222
Charged in the period	5,609
Disposals	(257)
	<hr/>
At 28 January 2017	51,574
	<hr/>
<i>Net book value</i>	
At 28 January 2017	11,850
	<hr/>
At 31 December 2015 - restated	11,950
	<hr/>

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017 (continued)

13 Fixed asset investments

£'000

Shares in subsidiary undertakings:

At 31 December 2015 and 28 January 2017

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 period. Kurt Geiger Shoes Limited, Carvela Limited and Shoeaholics Limited are all dormant companies.

14 Stocks

	28 January 2017 £'000	31 December 2015 £'000
Goods held for resale	57,535	62,110

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 £3.0m (2015: £4.7m). During the 13 month period ended 28 January 2017 £156.3m (12 month period ended 31 December 2015: £124.3m) of stock was sold.

15 Debtors

	28 January 2017 £'000	31 December 2015 £'000
Trade debtors	16,430	18,105
Other debtors	1,320	1,206
Amounts owed by other group undertakings	36,657	22,731
Prepayments and accrued income	4,220	5,073
Deferred tax asset (note 17)	2,154	2,031
Corporation tax (note 9)	489	-
	61,270	49,146

All amounts shown under debtors fall due for payment within one year except for deferred tax (note 17).

Kurt Geiger Limited

Notes forming part of the financial statements
for the period ended 28 January 2017 (*continued*)

16 Creditors: amounts falling due within one year

	28 January 2017 £'000	31 December 2015 £'000
Trade creditors	33,154	25,126
Taxation and social security	3,646	6,843
Amounts owed to other group undertakings	3,162	2,085
Corporation tax (note 9)	-	664
Other creditors	4,245	4,987
Accruals and deferred income	11,410	12,967
Accrued interest	93	14
Derivative financial instrument	606	-
	<u>56,316</u>	<u>52,686</u>

17 Deferred tax asset

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

	28 January 2017 £'000	31 December 2015 £'000
At start of period	2,031	1,888
Provided in the period (note 9)	123	143
	<u>2,154</u>	<u>2,031</u>
<i>Deferred taxation</i>		
Accelerated capital allowances	1,820	1,843
Sundry timing differences	334	188
	<u>2,154</u>	<u>2,031</u>

18 Share capital

	28 January 2017 £'000	31 December 2015 £'000
<i>Allotted, called up and fully paid</i>		
7,700,000 ordinary shares of 10p each	770	770
	<u>770</u>	<u>770</u>

Kurt Geiger Limited

Notes forming part of the financial statements
for the period ended 28 January 2017 (*continued*)

19 Capital commitments

	28 January 2017 £'000	31 December 2015 £'000
Contracted but not provided for	3,502	2,190

20 Commitments

The company has annual commitments under operating leases as follows:

	28 January 2017 Land and buildings £'000	28 January 2017 Other £'000	31 December 2015 Land and buildings £'000	31 December 2015 Other £'000
Operating leases which expire:				
Within one year	8,459	239	7,801	232
In two to five years	22,949	388	24,527	422
Over five years	13,523	-	11,964	-
	44,931	627	44,292	654

The company is party to a £150m senior facility borrowed by Mercury Acquisitions Limited.

21 Pensions

During the 13 month period, within the United Kingdom, the company participated in the Kurt Geiger Group Personal Pension Scheme, an approved defined contribution scheme established with Aegon.

The pension cost under the Kurt Geiger Group Personal Pension Scheme amounted to £944,000 (12 month period ended 31 December 2015 - £1,046,000). A pension creditor of £174,000 (2015 - £125,000) is included in the balance sheet in relation to this scheme.

A separate pension accrual of £79,000 (2015 - £245,000) is included in the balance sheet in relation to other salary costs.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2017 (continued)

22 Financial instruments

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

	28 January 2017	31 December 2015 restated
	£'000	£'000
Financial assets		
Financial assets measured at amortised cost	82,917	52,228
Financial liabilities		
Financial liabilities measured at amortised cost	(40,561)	(30,113)
Derivative financial instrument fair valued through statement of comprehensive income	(606)	-

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.

Derivative financial instruments fair valued through statement of comprehensive income comprise currency hedges.

23 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.

24 Ultimate parent company

At 28 January 2017 the company's immediate parent company was KG Group Holdings Limited, 100% owned by Mercury Midco 1 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 to the public from Companies House.

At 28 January 2017 the ultimate parent company was Mercury Acquisitions Topco Limited, a company incorporated in Jersey whose majority shareholder is the Fifth Cinven Fund.

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 Mercury Midco 1 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.