

Registered number: 03645629

**DONNA KARAN COMPANY STORES UK RETAIL LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 4 FEBRUARY 2017**



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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**COMPANY INFORMATION**

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**DIRECTORS** J Goldfarb (appointed 1 December 2016)  
M Goldfarb (appointed 1 December 2016)  
W Miller (appointed 1 December 2016)  
N Nackman (appointed 1 December 2016)

**COMPANY SECRETARY** Jordan Cosec Limited

**REGISTERED NUMBER** 03645629

**REGISTERED OFFICE** Suite 1  
3rd Floor 11-12 St. James's Square  
London  
SW1Y 4LB

**INDEPENDENT AUDITOR** Crowe Clark Whitehill LLP  
10 Palace Avenue  
Maidstone  
Kent  
ME15 6NF

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**INTRODUCTION**

The principal activity of the company during the year was the retail sale of high quality clothing and accessories.

The current accounting period was extended by 1 month to a 13 month accounting period to bring the company in line with the financial year end of its parent company.

**BUSINESS REVIEW**

The company has made a small profit during the current year and this is in line with the prior year. It is continually evaluating improvements in operations and product. The Company suspended the Donna Karan Collection line in mid-2015, and that decision essentially required the closing of the Conduit location which was completed by early 2016. The Company has also made a decision to shift away from traditional "flagship sized" stores to smaller footprint locations and thus ceased operations at the DKNY Store on Old Bond Street in mid-2017. No new location to replace the DKNY store on Old Bond Street has been selected at this time and the Manchester UK location remains as the sole DKNY company owned main line store in the UK.

On 2 November 2016, the company allotted 2 ordinary shares for consideration of £7,659,823 per share.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Any business faces a number of risks and these are reviewed thoroughly and regularly by the Board as part of its ongoing corporate governance procedures. This review considers only the principal risks and uncertainties.

**FINANCIAL KEY PERFORMANCE INDICATORS**

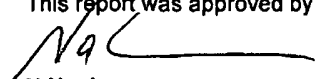
The directors consider the Key Performance indicators of the company to consists of Gross Profit Percentage.

Gross Profit Percentage - is calculated by comparing gross profit by turnover. This ratio reveals how much the company earns taking into consideration the direct costs it incurs for manufacturing its products. It is an indication of how profitable the company is at its most fundamental level

	2017	2016
Gross Profit Percentage	74%	70%

All data utilised in the calculation of these ratios is derived from these financial statements.

This report was approved by the board on 25/10/17 and signed on its behalf.

  
**N Nackman**  
Director

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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The directors present their report and the financial statements for the period ended 4 February 2017.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- 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 to 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.

**RESULTS AND DIVIDENDS**

The profit for the period, after taxation, amounted to £195,123 (2015 - £119,267).

**DIRECTORS**

The directors who served during the period were:

P Kalberer (resigned 1 December 2016)  
C Brown (resigned 1 December 2016)  
J Goldfarb (appointed 1 December 2016)  
M Goldfarb (appointed 1 December 2016)  
W Miller (appointed 1 December 2016)  
N Nackman (appointed 1 December 2016)

**GOING CONCERN**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**AUDITOR**

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 / 10 / 17 and signed on its behalf.



N Nackman  
Director

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## **DONNA KARAN COMPANY STORES UK RETAIL LTD**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DONNA KARAN COMPANY STORES UK RETAIL LTD**

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We have audited the financial statements of Donna Karan Company Stores UK Retail Ltd for the period ended 4 February 2017, set out on pages 6 to 20. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders 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 on page 2, 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 Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 4 February 2017 and of its profit for the period 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.

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DONNA KARAN COMPANY STORES UK  
RETAIL LTD (CONTINUED)**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

**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.

Keith Newman (senior statutory auditor)

for and on behalf of  
**Crowe Clark Whitehill LLP**

Statutory Auditor

10 Palace Avenue  
Maidstone  
Kent

ME15 6NF

Date: 27/10/17



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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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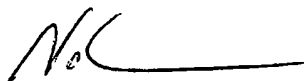
	Note	2017 £	2015 £
Turnover	4	6,981,267	10,364,343
Cost of sales		<u>(1,811,245)</u>	<u>(3,032,790)</u>
<b>GROSS PROFIT</b>		<b>5,170,022</b>	<b>7,331,553</b>
Administrative expenses		<u>(5,131,716)</u>	<u>(7,136,973)</u>
<b>OPERATING PROFIT</b>	5	<b>38,306</b>	<b>194,580</b>
Interest receivable and similar income	8	25,307	14,770
Interest payable and expenses	9	-	(552)
<b>PROFIT BEFORE TAX</b>		<b>63,613</b>	<b>208,798</b>
Tax on profit	10	<u>131,510</u>	<u>(89,531)</u>
<b>PROFIT FOR THE PERIOD</b>		<b>195,123</b>	<b>119,267</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>			
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>195,123</b></u>	<u><b>119,267</b></u>

**DONNA KARAN COMPANY STORES UK RETAIL LTD**  
**REGISTERED NUMBER: 03645629**

**BALANCE SHEET**  
**AS AT 4 FEBRUARY 2017**

	Note	4 February 2017 £	31 December 2015 £
<b>FIXED ASSETS</b>			
Tangible assets	11	711,917	1,217,988
		<u>711,917</u>	<u>1,217,988</u>
<b>CURRENT ASSETS</b>			
Stocks	12	212,588	509,659
Debtors: amounts falling due within one year	13	4,965,046	20,338,393
Cash at bank and in hand	14	1,166,608	6,056,478
		<u>6,344,242</u>	<u>26,904,530</u>
Creditors: amounts falling due within one year	15	(3,019,169)	(37,369,836)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>3,325,073</b>	<b>(10,465,306)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,036,990</b>	<b>(9,247,318)</b>
Creditors: amounts falling due after more than one year	16	-	(2,230,461)
<b>NET ASSETS</b>		<b>4,036,990</b>	<b>(11,477,779)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,100,002	1,100,000
Share premium account		18,248,929	2,929,285
Profit and loss account		(15,311,941)	(15,507,064)
		<u>4,036,990</u>	<u>(11,477,779)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



25/10/17

**N Nackman**  
Director

The notes on pages 9 to 20 form part of these financial statements.

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	1,100,000	2,929,285	(15,507,064)	(11,477,779)
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>				
Profit for the period	-	-	195,123	195,123
Shares issued during the period	2	15,319,644	-	15,319,646
<b>AT 4 FEBRUARY 2017</b>	<b>1,100,002</b>	<b>18,248,929</b>	<b>(15,311,941)</b>	<b>4,036,990</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1,100,000	2,929,285	(15,626,331)	(11,597,046)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Profit for the year	-	-	119,267	119,267
<b>AT 31 DECEMBER 2015</b>	<b>1,100,000</b>	<b>2,929,285</b>	<b>(15,507,064)</b>	<b>(11,477,779)</b>

The notes on pages 9 to 20 form part of these financial statements.

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**1. GENERAL INFORMATION**

The principal activity of the company during the year was the retail sales of clothing in specialised stores.

The company is a private limited company, which is incorporated and registered in England and Wales (03645629). The address of the registered office is:

Suite 1  
3rd Floor 11-12 St. James's Square  
London  
SW1Y 4LB

**2. ACCOUNTING POLICIES**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.2 Financial reporting standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes In Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**2.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised at point of sale.

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.4 Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis: .

S/Term Leasehold Property	- over 7 -10 years straight line
Fixtures & fittings	- over 7 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

**2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.8 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**2.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

The company makes judgements, estimates and assumptions that affect the application of policies and the carrying value of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements will, by definition, seldom equal the related actual results but are based on the experience of the directors and the expectations of future events. The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The judgements and key sources of estimation uncertainty include the stock provision which discounts the value of the stock held according to the age of that particular stock line.

**4. TURNOVER**

Analysis of turnover by country of destination:

	2017 £	2015 £
United Kingdom	6,981,267	10,364,343
	<u>6,981,267</u>	<u>10,364,343</u>

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2017	2015
	£	£
Depreciation of tangible fixed assets	506,071	475,253
Exchange differences	229,445	36,993
Other operating lease rentals	4,282,035	3,337,638
	<u>4,817,551</u>	<u>3,849,884</u>

**6. AUDITORS' REMUNERATION**

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2017	2015
	£	£
Fees for the audit of the Company	10,000	9,500
Fees for tax compliance services	2,050	2,000
	<u>12,050</u>	<u>11,500</u>

The *Company* has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent *Company*.

**7. EMPLOYEES**

Staff costs were as follows:

	2017	2015
	£	£
Wages and salaries	708,089	1,235,194
Social security costs	116,418	165,042
	<u>824,507</u>	<u>1,400,236</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2017	2015
	No.	No.
Sales and administration	34	43
	<u>34</u>	<u>43</u>



**DONNA KARAN COMPANY STORES UK RETAIL LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

**8. INTEREST RECEIVABLE**

	2017 £	2015 £
Other interest receivable	25,307	14,770
	<u>25,307</u>	<u>14,770</u>

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017 £	2015 £
Finance leases and hire purchase contracts	-	552
	<u>-</u>	<u>552</u>

**10. TAXATION**

	2017 £	2015 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	(102,409)	100,486
Adjustments in respect of previous periods	2,932	-
	<u>(99,477)</u>	<u>100,486</u>
<b>TOTAL CURRENT TAX</b>	<u>(99,477)</u>	<u>100,486</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(32,081)	(12,981)
Changes to tax rates	-	2,026
Adjustment in respect of prior periods	48	-
<b>TOTAL DEFERRED TAX</b>	<u>(32,033)</u>	<u>(10,955)</u>
<b>TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	<u>(131,510)</u>	<u>89,531</u>

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**10. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE PERIOD/YEAR**

The tax assessed for the period/year is lower than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2017 £	2015 £
Profit on ordinary activities before tax	<u>63,613</u>	<u>208,798</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	12,723	39,345
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,314	3,336
Ineligible depreciation	39,729	43,973
Adjustments to tax charge in respect of prior periods	2,980	-
Differences due to deferred tax rate being lower than standard CT rate	1,687	2,877
Accounting profit in excess of taxable gain	(200,000)	-
Effect of losses carried back at higher rate	(1,253)	-
Group relief	4,310	-
<b>TOTAL TAX CHARGE FOR THE PERIOD/YEAR</b>	<u>(131,510)</u>	<u>89,531</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**DONNA KARAN COMPANY STORES UK RETAIL LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

**11. TANGIBLE FIXED ASSETS**

	S/Term Leasehold Property £	Fixtures & fittings £	Total £
<b>COST OR VALUATION</b>			
At 1 January 2016	6,152,109	1,461,832	7,613,941
Disposals	(2,945,039)	(256,330)	(3,201,369)
At 4 February 2017	3,207,070	1,205,502	4,412,572
<b>DEPRECIATION</b>			
At 1 January 2016	5,260,875	1,135,078	6,395,953
Charge for the period on owned assets	270,092	235,979	506,071
Disposals	(2,945,039)	(256,330)	(3,201,369)
At 4 February 2017	2,585,928	1,114,727	3,700,655
<b>NET BOOK VALUE</b>			
At 4 February 2017	621,142	90,775	711,917
At 31 December 2015	891,234	326,754	1,217,988

**12. STOCKS**

	4 February 2017 £	31 December 2015 £
Finished goods and goods for resale	212,588	509,659
	212,588	509,659

Stock recognised in cost of sales during the period as an expense was £1,811,245 (2015 - £3,032,790).

An impairment loss of £239,262 (2015: £12,703) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**13. DEBTORS**

	<b>4 February 2017 £</b>	<b>31 December 2015 £</b>
Trade debtors	29,678	104,550
Amounts owed by group undertakings	1,356,652	18,521,001
Other debtors	1,471,518	556,741
Prepayments and accrued income	1,417,055	1,104,637
Tax recoverable	606,646	-
Deferred taxation	83,497	51,464
	<u><b>4,965,046</b></u>	<u><b>20,338,393</b></u>

**14. CASH AND CASH EQUIVALENTS**

	<b>4 February 2017 £</b>	<b>31 December 2015 £</b>
Cash at bank and in hand	1,166,608	6,056,478
	<u><b>1,166,608</b></u>	<u><b>6,056,478</b></u>

**15. CREDITORS: Amounts falling due within one year**

	<b>4 February 2017 £</b>	<b>31 December 2015 £</b>
Trade creditors	51,710	34,239
Amounts owed to group undertakings	2,346,298	35,860,614
Corporation tax	135,203	105,861
Other taxation and social security	33,136	207,681
Other creditors	-	459,556
Accruals and deferred income	452,822	701,885
	<u><b>3,019,169</b></u>	<u><b>37,369,836</b></u>

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. CREDITORS: Amounts falling due after more than one year**

	<b>4 February 2017</b>	<b>31 December 2015</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	-	2,230,461
	<u>-</u>	<u>2,230,461</u>

**17. FINANCIAL INSTRUMENTS**

	<b>4 February 2017</b>	<b>31 December 2015</b>
	<b>£</b>	<b>£</b>
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	<b>3,585,353</b>	25,238,769
	<u><b>3,585,353</b></u>	<u>25,238,769</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<b>(2,850,830)</b>	(39,286,754)
	<u><b>(2,850,830)</b></u>	<u>(39,286,754)</u>

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

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed by group undertakings, other creditors and accruals.

**18. DEFERRED TAXATION**

	<b>2017 £</b>
At beginning of year	<b>51,464</b>
Charged to the profit or loss	<b>32,033</b>
<b>AT END OF YEAR</b>	<u><b>83,497</b></u>

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**18. DEFERRED TAXATION (CONTINUED)**

The deferred tax asset is made up as follows:

	4 February 2017 £
Accelerated capital allowances	78,431
Tax losses carried forward	3,661
Short term timing differences	1,405
	<u>83,497</u>

**19. SHARE CAPITAL**

	4 February 2017 £	31 December 2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
550,002 (2015 - 550,000) Ordinary shares of £1 each	550,002	550,000
550,000 Redeemable shares of £1 each	550,000	550,000
	<u>1,100,002</u>	<u>1,100,000</u>

On 2 November 2016, the company allotted 2 ordinary shares for consideration of £7,659,823 per share.

The redeemable shares, which were issued at par, are redeemable 12 months from the date of allotment at the option of the company, at par.

In all other aspects, the redeemable shares rank equally with the ordinary shares.

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**DONNA KARAN COMPANY STORES UK RETAIL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 FEBRUARY 2017**

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**20. COMMITMENTS UNDER OPERATING LEASES**

At 4 February 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>4 February 2017 £</b>	<b>31 December 2015 £</b>
Not later than 1 year	<b>3,425,000</b>	3,425,000
Later than 1 year and not later than 5 years	<b>9,287,342</b>	12,450,685
Later than 5 years	-	261,658
	<b><u>12,712,342</u></b>	<b><u>16,137,343</u></b>

**21. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the provisions of FRS 101 paragraph 8(k) which exempts qualifying entities from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that group.

The key management personnel of the company are the directors but their remuneration from the company was £nil (2015 - £nil).

**22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is Donna Karan Company Stores UK Holding Limited.

The directors consider the ultimate parent undertaking to be G-III Apparel Group Limited. G-III Apparel Group Limited is the parent undertaking of the smallest and largest group in which the financial statements of the company are consolidated.

Copies of these financial statements can be obtained from 512 7th Avenue, New York, NY 10018.