

Registered number: 03645629

DONNA KARAN COMPANY STORES UK RETAIL LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 3 FEBRUARY 2018



DONNA KARAN COMPANY STORES UK RETAIL LTD

COMPANY INFORMATION

Directors	J Goldfarb M Goldfarb W Miller N Nackman R Q Roland (appointed 30 November 2018)
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 U.K. LLP Riverside House 40 - 46 High Street Maidstone Kent ME14 1JH

DONNA KARAN COMPANY STORES UK RETAIL LTD

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DONNA KARAN COMPANY STORES UK RETAIL LTD

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

The directors present their report and the financial statements for the period ended 3 February 2018.

Directors' responsibilities statement

The directors are responsible for preparing 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.

Directors

The directors who served during the period were:

J Goldfarb
M Goldfarb
W Miller
N Nackman

After the year end, R Q Roland was appointed to the board of directors.

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.

DONNA KARAN COMPANY STORES UK RETAIL LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

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.

Auditor

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 18 FEBRUARY 2019 and signed on its behalf.



R Q Roland
Director

DONNA KARAN COMPANY STORES UK RETAIL LTD

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

Opinion

We have audited the financial statements of Donna Karan Company Stores UK Retail Ltd (the 'Company') for the period ended 3 February 2018, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 February 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

DONNA KARAN COMPANY STORES UK RETAIL LTD

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

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

DONNA KARAN COMPANY STORES UK RETAIL LTD

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

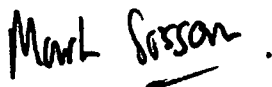
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.



Mark Sisson (senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Riverside House
40 - 46 High Street
Maidstone
Kent

ME14 1JH

Date: 05/03/2019

DONNA KARAN COMPANY STORES UK RETAIL LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

	Note	2018 £	2017 £
Turnover		1,785,567	6,981,267
Cost of sales		(597,689)	(1,811,245)
GROSS PROFIT		1,187,878	5,170,022
Administrative expenses		(653,323)	(5,131,716)
Exceptional administrative expenses	8	(1,720,680)	-
OPERATING (LOSS)/PROFIT	4	(1,186,125)	38,306
Interest receivable and similar income		215	25,307
(LOSS)/PROFIT BEFORE TAX		(1,185,910)	63,613
Tax on (loss)/profit	7	21,406	131,510
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(1,164,504)	195,123

The notes on pages 9 to 21 form part of these financial statements.

DONNA KARAN COMPANY STORES UK RETAIL LTD
REGISTERED NUMBER: 03645629

BALANCE SHEET
AS AT 3 FEBRUARY 2018

	Note	3 February 2018 £	4 February 2017 £
FIXED ASSETS			
Tangible assets	9	1,682	711,917
		<u>1,682</u>	<u>711,917</u>
CURRENT ASSETS			
Stocks	10	389,604	212,588
Debtors: amounts falling due within one year	11	1,948,618	4,829,843
Cash at bank and in hand	12	1,002,143	1,166,608
		<u>3,340,365</u>	<u>6,209,039</u>
Creditors: amounts falling due within one year	13	(469,561)	(2,883,966)
NET CURRENT ASSETS		<u>2,870,804</u>	<u>3,325,073</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,872,486</u>	<u>4,036,990</u>
NET ASSETS		<u>2,872,486</u>	<u>4,036,990</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,100,002	1,100,002
Share premium account		18,248,929	18,248,929
Profit and loss account		(16,476,445)	(15,311,941)
		<u>2,872,486</u>	<u>4,036,990</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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



18/2/2018

R Q Roland
Director

The notes on pages 9 to 21 form part of these financial statements.

DONNA KARAN COMPANY STORES UK RETAIL LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 5 February 2017	1,100,002	18,248,929	(15,311,941)	4,036,990
COMPREHENSIVE INCOME FOR THE PERIOD				
Loss for the period	-	-	(1,164,504)	(1,164,504)
AT 3 FEBRUARY 2018	<u>1,100,002</u>	<u>18,248,929</u>	<u>(16,476,445)</u>	<u>2,872,486</u>

The notes on pages 9 to 21 form part of these financial statements.

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

	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)
COMPREHENSIVE INCOME FOR THE PERIOD				
Profit for the period	-	-	195,123	195,123
Shares issued during the period	2	15,319,644	-	15,319,646
AT 4 FEBRUARY 2017	<u>1,100,002</u>	<u>18,248,929</u>	<u>(15,311,941)</u>	<u>4,036,990</u>

The notes on pages 9 to 21 form part of these financial statements.

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

1. General information

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

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).

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

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 130(f)(ii), 130(f)(iii), 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.

2.4 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.

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

2. Accounting policies (continued)

2.5 Stocks

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

2.6 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.

2.7 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.

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and 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 balance sheet date in the countries where the Company operates and generates income.

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Exceptional Items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.10 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:

Short 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.

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

2. Accounting policies (continued)

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

2. Accounting policies (continued)

2.14 Financial Instruments (continued)

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

3. Judgments 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. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	194,325	506,071

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

5. Auditor's 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:

	2018 £	2017 £
Fees for assurance services	10,500	10,000
Fees for tax compliance services	1,700	1,525
	12,200	11,525

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.

6. Employees

	2018 £	2017 £
Wages and salaries	407,411	708,089
Social security costs	43,474	116,418
	450,885	824,507

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

	2018 No.	2017 No.
Sales and administration	19	34

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

7. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	-	(102,409)
Adjustments in respect of previous periods	(3,253)	2,932
	<u>(3,253)</u>	<u>(99,477)</u>
Total current tax	<u>(3,253)</u>	<u>(99,477)</u>
Deferred tax		
Origination and reversal of timing differences	(21,358)	(32,081)
Adjustment in respect of prior periods	3,205	48
Total deferred tax	<u>(18,153)</u>	<u>(32,033)</u>
Taxation on loss on ordinary activities	<u>(21,406)</u>	<u>(131,510)</u>

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

7. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.16% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>(1,185,910)</u>	<u>63,613</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.16% (2017 - 20%)	(227,240)	12,723
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	116,486	8,314
Ineligible depreciation	25,236	39,729
Adjustments to tax charge in respect of prior periods	(48)	2,980
Differences due to deferred tax rate being lower than standard CT rate	182	1,687
Accounting profit in excess of taxable gain	-	(200,000)
Effect of losses carried back at higher rate	-	(1,253)
Group relief	63,978	4,310
Total tax charge for the period	<u><u>(21,406)</u></u>	<u><u>(131,510)</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Exceptional items

	2018 £	2017 £
Forfeit of rent deposit	1,205,326	-
Loss on disposal of fixed assets	515,354	-
	<u><u>1,720,680</u></u>	<u><u>-</u></u>

During the year the company closed its store in Bond Street and the above costs relate to the deposit in lieu of dilapidations and subsequent loss on disposal of fixed assets on termination of the lease.

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

9. Tangible fixed assets

	Short term leasehold property £	Fixtures & fittings £	Total £
Cost or valuation			
At 5 February 2017	3,207,070	1,205,502	4,412,572
Disposals	(1,449,274)	(1,108,591)	(2,557,865)
At 3 February 2018	1,757,796	96,911	1,854,707
Depreciation			
At 5 February 2017	2,585,928	1,114,727	3,700,655
Charge for the period on owned assets	103,830	90,495	194,325
Disposals	(933,364)	(1,108,591)	(2,041,955)
At 3 February 2018	1,756,394	96,631	1,853,025
Net book value			
At 3 February 2018	1,402	280	1,682
At 4 February 2017	621,142	90,775	711,917

10. Stocks

	3 February 2018 £	4 February 2017 £
Finished goods and goods for resale	389,604	212,588
	389,604	212,588

Stock recognised in cost of sales during the period as an expense was £517,394 (2017 - £1,811,245).

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

11. Debtors

	3 February 2018 £	4 February 2017 £
Trade debtors	14,175	29,678
Amounts owed by group undertakings	729,840	1,356,652
Other debtors	528,176	1,336,315
Prepayments and accrued income	73,205	1,417,055
Tax recoverable	501,572	606,646
Deferred taxation	101,650	83,497
	1,948,618	4,829,843

12. Cash and cash equivalents

	3 February 2018 £	4 February 2017 £
Cash at bank and in hand	1,002,143	1,166,608

13. Creditors: Amounts falling due within one year

	3 February 2018 £	4 February 2017 £
Trade creditors	-	51,710
Amounts owed to group undertakings	316,864	2,346,298
Other taxation and social security	-	33,136
Accruals and deferred income	152,697	452,822
	469,561	2,883,966

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
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14. Deferred taxation

	2018 £
At beginning of year	83,497
Charged to the profit or loss	18,153
At end of year	101,650

The deferred tax asset is made up as follows:

	3 February 2018 £	4 February 2017 £
Accelerated capital allowances	98,141	78,431
Tax losses carried forward	2,859	3,661
Short term timing differences	650	1,405
	101,650	83,497

15. Share capital

	3 February 2018 £	4 February 2017 £
Allotted, called up and fully paid		
550,002 (2017 - 550,002) Ordinary shares of £1.00 each	550,002	550,002
550,000 (2017 - 550,000) Redeemable shares of £1.00 each	550,000	550,000
	1,100,002	1,100,002

DONNA KARAN COMPANY STORES UK RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
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16. Commitments under operating leases

At 3 February 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	3 February 2018 £	4 February 2017 £
Not later than 1 year	230,000	3,425,000
Later than 1 year and not later than 5 years	577,205	9,287,342
	<u>807,205</u>	<u>12,712,342</u>

17. 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 (2017 - £nil).

18. 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.

There is not considered to be an ultimate controlling party.