

Registered number: 03285536

THE DONNA KARAN COMPANY STORE (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Period Ended 2 February 2020



THE DONNA KARAN COMPANY STORE (UK) LIMITED

COMPANY INFORMATION

Directors	J Goldfarb M Goldfarb W Miller N Nackman R Q Roland
Company secretaries	Vistra Cosec Limited
Registered number	03285536
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

THE DONNA KARAN COMPANY STORE (UK) LIMITED

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THE DONNA KARAN COMPANY STORE (UK) LIMITED

DIRECTORS' REPORT For the Period Ended 2 February 2020

The directors present their report and the financial statements for the period ended 2 February 2020.

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;
- 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 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
R Q Roland

THE DONNA KARAN COMPANY STORE (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) For the Period Ended 2 February 2020

Going concern

In March 2020 the World Health Organisation declared that the Covid-19 outbreak was a global pandemic and this led to widespread lockdowns around the world including the United Kingdom. This resulted in retail stores being closed for periods of time during 2020 and this has continued into the early part of 2021.

The company has undertaken great care and expense to provide for the safety of our employees and customers throughout the Pandemic. When stores have been open we have implemented que management software to balance the number of people in the stores. Unfortunately there have been times when our stores have closed to comply with local restrictions. During these times our staff has continued to engage with customers virtually. The result of the disruption is that sales have fallen. Accordingly we have aggressively adjusted our receipt flow. To date our stock levels remain in good shape.

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.

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

Subsequent to the balance sheet date, the Covid-19 pandemic has had an adverse impact on the company due to lockdown measures imposed by the UK government.

The directors will continue to monitor the company's financial position as the pandemic continues but they consider the impact of Covid-19 to be a non-adjusting post balance sheet event.

Post year end, the company signed a new lease at its retail store in Bicester.

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 19 February 2021

and signed on its behalf.



R Q Roland
Director

THE DONNA KARAN COMPANY STORE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DONNA KARAN COMPANY STORE (UK) LIMITED

Qualified Opinion

We have audited the financial statements of The Donna Karan Company Store (UK) Limited (the 'Company') for the year ended 2 February 2020, 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section, the financial statements.

- give a true and fair view of the state of the Company's affairs as at 2 February 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion on the financial statements

With respect to stock held at 2 February 2020, which is shown in the attached financial statement with a carrying value of £1,430,872, the audit evidence available to us was limited. After the year end, an issue was identified within the stock valuation system where the system was overstating the valuation of stock, which would have existed as at the year end.

An adjustment was made to the carrying value of stock as at 2 February 2020 which was an estimate of the impact of the system error as at that date. A precise retrospective adjustment was not possible. We were unable to obtain sufficient appropriate audit evidence regarding the value of £1,430,872 as at 2 February 2020. Consequently we were unable to determine whether any further adjustment to this amount was necessary.

Any adjustment to the stock figure would have a consequential effect on the cost of sales and loss for the year ended 2 February 2020.

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 UK, including the FRC'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 qualified opinion.

THE DONNA KARAN COMPANY STORE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DONNA KARAN COMPANY STORE (UK) LIMITED (CONTINUED)

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 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the stock values of £1,430,872 held at 2 February 2020. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

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 year 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.

THE DONNA KARAN COMPANY STORE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DONNA KARAN COMPANY STORE (UK) LIMITED (CONTINUED)

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, 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.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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
- 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 set out 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.

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.

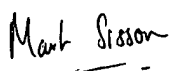
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

THE DONNA KARAN COMPANY STORE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DONNA KARAN COMPANY STORE
(UK) LIMITED (CONTINUED)

Use of our report

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.



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: 2 March 2021

THE DONNA KARAN COMPANY STORE (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the Period Ended 2 February 2020

	Note	2020 £	2019 £
Turnover		6,784,760	5,424,943
Cost of sales		(3,397,894)	(1,829,596)
Gross profit		3,386,866	3,595,347
Administrative expenses		(2,108,209)	(1,863,036)
Operating profit	4	1,278,657	1,732,311
Interest payable and expenses		(43,360)	-
Profit before tax		1,235,297	1,732,311
Tax on profit	7	(156,933)	(296,869)
Profit for the financial period		1,078,364	1,435,442

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 11 to 24 form part of these financial statements.

THE DONNA KARAN COMPANY STORE (UK) LIMITED
Registered number: 03285536

BALANCE SHEET
As at 2 February 2020

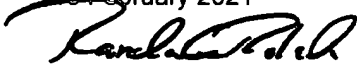
	Note	2 February 2020 £	31 January 2019 £
Fixed assets			
Tangible assets	8	354,886	143,758
		<u>354,886</u>	<u>143,758</u>
Current assets			
Stocks	9	1,430,872	1,804,723
Debtors: amounts falling due after more than one year	10	-	356,891
Debtors: amounts falling due within one year	10	4,641,302	518,051
Cash at bank and in hand	11	968,555	375,689
		<u>7,040,729</u>	<u>3,055,354</u>
Creditors: amounts falling due within one year	12	(4,211,639)	(1,138,040)
Net current assets		<u>2,829,090</u>	<u>1,917,314</u>
Total assets less current liabilities		<u>3,183,976</u>	<u>2,061,072</u>
Creditors: amounts falling due after more than one year	13	(44,540)	-
		<u>3,139,436</u>	<u>2,061,072</u>
Net assets		<u><u>3,139,436</u></u>	<u><u>2,061,072</u></u>
Capital and reserves			
Called up share capital	16	102	102
Share premium account		387,883	387,883
Profit and loss account		2,751,451	1,673,087
		<u><u>3,139,436</u></u>	<u><u>2,061,072</u></u>

THE DONNA KARAN COMPANY STORE (UK) LIMITED
Registered number: 03285536

BALANCE SHEET (CONTINUED)
As at 2 February 2020

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 February 2021



R Q Roland
Director

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

THE DONNA KARAN COMPANY STORE (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the Period Ended 2 February 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2019	102	387,883	1,673,087	2,061,072
Comprehensive income for the period				
Profit for the period	-	-	1,078,364	1,078,364
Total comprehensive income for the period	-	-	1,078,364	1,078,364
Total transactions with owners	-	-	-	-
At 2 February 2020	102	387,883	2,751,451	3,139,436

The notes on pages 11 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Period Ended 2 February 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 3 February 2018	102	387,883	237,645	625,630
Comprehensive income for the year				
Profit for the year	-	-	1,435,442	1,435,442
Total comprehensive income for the year	-	-	1,435,442	1,435,442
Total transactions with owners	-	-	-	-
At 31 January 2019	102	387,883	1,673,087	2,061,072

The notes on pages 11 to 24 form part of these financial statements.

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

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 (03285536). 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).

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Period Ended 2 February 2020

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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- 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.

All turnover relates to retail sales of fashion items and is recognised at point of sale when the risks and rewards have been passed to the customer.

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 February 2019.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Balance sheet (extract)

	31 January 2019 As original £	IFRS 16 £	1 February 2019 Adjusted balance £
Fixed assets			
Tangible assets	143,757	965,102	1,108,859
	-	965,102	965,102
Current assets			
Stocks	1,804,723	-	1,804,723
Debtors	874,944	-	874,944
Cash at bank and in hand	375,689	-	375,689
Total current assets	-	-	-
Creditors: amounts falling due within one year	(1,138,040)	(697,685)	(1,835,725)
Total assets less current liabilities	-	267,417	267,417
Creditors: amounts falling due after more than one year	-	(267,417)	(267,417)
Net assets	2,061,073	-	2,061,073
Capital and reserves			
Called up share capital	102	-	102
Share premium account	387,883	-	387,883
Profit and loss account	1,673,088	-	1,673,088
	2,061,073	-	2,061,073

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Period Ended 2 February 2020

2. Accounting policies (continued)

2.5 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.10.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.6 Stocks

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

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Period Ended 2 February 2020

2. Accounting policies (continued)

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 statement of comprehensive income.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.10 Tangible fixed assets and depreciation

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.

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

2. Accounting policies (continued)

2.10 Tangible fixed assets and depreciation (continued)

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 years
Fixtures & fittings	- over 5 - 7 years
Right of use assets	- Over the term of the lease

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 profit or loss.

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 expected credit loss.

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.

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Period Ended 2 February 2020

2. Accounting policies (continued)

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 and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

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 valuation. The retail inventory method of stock valuation is used. As noted in the basis of qualified audit opinion, after the year end, an issue was identified within the stock valuation system where the system was overstating the valuation of stock, which would have existed as at the year end. An adjustment was made to the carrying value of stock as at 2 February 2020 which was an estimate of the impact of the system error as at that date. A precise retrospective adjustment was not possible.

4. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	753,973	56,288

5. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15,000	16,500

Fees payable to the Company's auditor in respect of:

Fees for tax compliance services	3,325	3,250
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6. Employees

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

	2020 No.	2019 No.
Sales and administration	34	23

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

7. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	162,626	301,117
Adjustments in respect of previous periods	-	(555)
	<u>162,626</u>	<u>300,562</u>
Total current tax	<u>162,626</u>	<u>300,562</u>
Deferred tax		
Origination and reversal of timing differences	(5,134)	(3,804)
Changes to tax rates	(559)	111
Total deferred tax	<u>(5,693)</u>	<u>(3,693)</u>
Taxation on profit on ordinary activities	<u>156,933</u>	<u>296,869</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,235,297</u>	<u>1,732,311</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	234,706	329,139
Effects of:		
Depreciation on non-qualifying fixed assets	1,706	1,705
Expenses not deductible for tax purposes	428	-
Adjustments to tax charge in respect of previous periods	-	(555)
Differences due to deferred tax rate being lower than standard CT rate	(560)	560
Group relief	(79,347)	(33,980)
Total tax charge for the period/year	<u>156,933</u>	<u>296,869</u>

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

7. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Tangible fixed assets

	Short Term Leasehold Property £	Fixtures & fittings £	Right of use assets £	Total £
Cost or valuation				
At 1 February 2019	26,183	262,737	-	288,920
Additions	-	-	965,102	965,102
At 2 February 2020	<u>26,183</u>	<u>262,737</u>	<u>965,102</u>	<u>1,254,022</u>
Depreciation				
At 1 February 2019	9,351	135,812	-	145,163
Charge for the period on owned assets	3,740	52,548	-	56,288
Charge for the period on right-of-use assets	-	-	697,685	697,685
At 2 February 2020	<u>13,091</u>	<u>188,360</u>	<u>697,685</u>	<u>899,136</u>
Net book value				
At 2 February 2020	<u>13,092</u>	<u>74,377</u>	<u>267,417</u>	<u>354,886</u>
At 31 January 2019	<u>16,833</u>	<u>126,925</u>	<u>-</u>	<u>143,758</u>

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

9. Stocks

	2 February 2020 £	31 January 2019 £
Finished goods and goods for resale	1,430,872	1,804,723

Stock recognised in cost of sales during the period as an expense was £3,397,894 (2019 - £1,829,596).

10. Debtors

	2 February 2020 £	31 January 2019 £
Due after more than one year		
Other debtors	-	356,891

	2 February 2020 £	31 January 2019 £
Due within one year		
Trade debtors	125,547	41,442
Amounts owed by group undertakings	4,148,407	350,725
Other debtors	356,905	121,135
Deferred taxation	10,443	4,750
	4,641,302	518,052

11. Cash and cash equivalents

	2 February 2020 £	31 January 2019 £
Cash at bank and in hand	968,555	375,689

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

12. Creditors: Amounts falling due within one year

	2 February 2020	<i>31 January 2019</i>
	£	£
Trade creditors	-	897
Amounts owed to group undertakings	3,644,657	323,313
Corporation tax	162,626	479,011
Other taxation and social security	294,843	291,363
Lease liabilities	84,476	-
Accruals and deferred income	25,037	43,456
	<u>4,211,639</u>	<u>1,138,040</u>

13. Creditors: Amounts falling due after more than one year

	2 February 2020	<i>31 January 2019</i>
	£	£
Lease liabilities	44,540	-
	<u>44,540</u>	<u>-</u>

14. Deferred taxation

	2020
	£
At beginning of year	4,750
Charged to profit or loss	5,693
At end of year	<u>10,443</u>

The deferred tax asset is made up as follows:

	2 February 2020	<i>31 January 2019</i>
	£	£
Accelerated capital allowances	<u>10,443</u>	<u>4,750</u>

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

15. Leases

Company as a lessee

The company has leases in relation to premises the company uses to operate.

Contractual undiscounted cash flows are due as follows:

	2020
	£
Not later than one year	99,756
Between one year and five years	49,065
	<hr/> 148,821 <hr/>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020
	£
Interest expense on lease liabilities	<hr/> 37,241 <hr/>

THE DONNA KARAN COMPANY STORE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 2 February 2020

16. Share capital

	2 February 2020	<i>31 January 2019</i>
	£	£
Allotted, called up and fully paid		
102 (2019 - 102) Ordinary shares of £1.00 each	102	102

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 (2019 - £nil).

18. Post balance sheet events

Subsequent to the balance sheet date, the Covid-19 pandemic has had an adverse impact on the company due to lockdown measures imposed by the UK government. This has impacted upon sales levels due to store closures and restrictions on overseas visitors to the UK. The company has taken advantage of government support schemes available such as the corona virus job retention scheme and business rates relief.

The directors will continue to monitor the company's financial position as the pandemic continues but they consider the impact of Covid-19 to be a non-adjusting post balance sheet event.

Post year end, the company signed a new lease at its retail store in Bicester.

19. 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.

There is not considered to be an ultimate controlling party.