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Oasis and Warehouse Limited

Directors' Report and Financial Statements

For the period 1 March 2015 to 27 February 2016

Company registered number: 7410874 (England and Wales)

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Oasis and Warehouse Limited
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Oasis and Warehouse Limited
Company information

Directors	Elizabeth Evans Sanam Soufipour
Secretary	Heatons Secretaries Limited
Company number	7410874
Registered office	The Triangle Stanton Harcourt Industrial Estate Stanton Harcourt Witney Oxfordshire OX29 5UT
Auditor	KPMG LLP Arlington Business Park Theale, Reading, RG7 4SD
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Solicitors	Field Fisher Waterhouse LLP 5th Floor, Free Trade Exchange 37 Peter Street Manchester M2 5GB White & Case LLP 5 Old Broad Street London EC2N 1DW

Oasis and Warehouse Limited

Strategic Report

For the period 1 March 2015 to 27 February 2016

Strategy and Objectives

The principal activity of the Company is operating as a service provider and holding company for the Oasis and Warehouse Group.

The objective of the Oasis and Warehouse Group is to grow boutique brands which have high brand awareness and differentiate themselves in the market through product innovation, customer experience and an omni channel strategy. This objective will be to deliver growth of brand performance and leveraging existing assets while continuing to exploit the significant opportunity offered by development of new stores, concessions and digital channels both in the UK and internationally.

Business Model

In October 2015, Aurora Fashions Group Limited, as the holding company for the Oasis and Warehouse Group and the Aurora group of companies, completed a reconstruction and amendment to the senior credit facility and long term loan facility repayable in 2020, providing all brands with further autonomy and independance in formulating their future brand strategy and outlook. Details of the Group Reconstruction and Amendment Agreement are contained in note 1.4 Basis of preperation.

KPI's

Given the nature of this business, the directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

The management charges to other Group companies during the period amounted to £1.6 million (2015: £1.0 million).

Future developments

Both Oasis and Warehouse will continue to invest in its product offering, stores and digital platforms to support the entire portfolio's growth both domestically and internationally.

Principal Risks and Uncertainties

Changes in fashion trends

The principal risk faced by the company is that the product offering of its subsidiaries within the Oasis Group and Warehouse Group declines in popularity, leading to reduced revenues, margins and cash flow. Across the Group the risk is managed by operating a buying and merchandising model which focuses on generating fashionable product lines, short lead times and low stock levels. A fall in profits of its subsidiaries could result in a potential impaiment of the investment value reflected within the assets of the company, further details are contained within note 1.11 'impairments'.

Supply chain

The Group is dependent on the ability of its suppliers to manufacture its products to the desired quality and standards and on its logistics providers to ensure it reaches the required location on a timely basis. The standards, arrangements and contingency plans are under constant review by management.

Oasis and Warehouse Limited

Strategic Report (continued)

For the period 1 March 2015 to 27 February 2016

Principal Risks and Uncertainties (continued)

Liquidity risk

With effect from 2nd October 2015, 3 new standalone senior facilities agreements (SFA's) were executed. The new SFA's have been provided by Aurora Fashions Finance Limited in its capacity as lender, agent and security agent for Kaupthing Bank hf. The SFA's are in favour of the Oasis and Warehouse Group, the Coast Group and Karen Millen Group of companies. The new facilities are subject to financial covenant targets that adjust through to maturity of the loans. Performance against the covenants is measured quarterly. Further details are contained in note 1.4 'Going concern' and note 19 'Guarantees and commitments'.

Going Concern

Note 1.4 to the financial statements sets out the basis of preparation of the financial statements. As explained in note 1.4, the directors consider that it continues to be appropriate to prepare the financial statements on the basis that the group is a going concern.

Interest rate risk

The Group's policy is to minimise the impact of interest rate volatility on interest cost to protect earnings. This is achieved by reviewing both the amount of floating indebtedness over a certain period of time and its sensitivity to interest rate fluctuations. From time to time, the Group may hedge its interest rate exposure in order to fix the Group's exposure to interest rates on floating debt.

Currency risk

The Group is exposed to foreign currency risks on sales and purchases. Exposures are primarily to the US Dollar and the Euro.

Forecast transactional exposures are reviewed and hedged based on forecasted levels of foreign currency transactions. Hedging is achieved using forward exchange contracts and other suitable derivative products.

By Order of the Board

Sanam Soufipour
Director

21 July 2016

Oasis and Warehouse Limited

Directors' Report

For the period 1 March 2015 to 27 February 2016

The directors present their report and the audited financial statements of Oasis and Warehouse Limited ("the Company") for the period 1 March 2015 to 27 February 2016.

The Company is a member of the Aurora Fashions Group Limited (together with its subsidaries "the Aurora Group").

The current period relates to the 52 week period from 1 March 2015 to 27 February 2016. The prior period covers the 51 week and 5 day period from 4 March 2014 to 28 February 2015.

Following a capital re-organisation of the Aurora Group part way through the year, the Company has been replaced as the main holding company of the Oasis and Warehouse Group by Oasis and Warehouse Holdco 1 Limited.

Results and dividends

The Company's results are set out on page 8.

The directors do not recommend the payment of a dividend (2015: £nil).

Political contributions

The Company made no political contributions during the period (2015: £nil).

Directors

The current Directors of the Company are listed on page 2.

There have been no changes to Directors since the start of the period.

Employees

Considerable importance is placed on communication, involvement and motivation of the employees and management of the Group. Two way communication ensures that employees are kept informed of the performance of the Group and of any key initiatives or projects, through regular briefings and bulletins.

The Group is committed to the continuing development of its employees and the implementation of policies that enable them to contribute to the performance and long term effectiveness of the organisation. Every opportunity is taken to reinforce our values throughout the business.

Equality of opportunity is encouraged irrespective of sex, marital status, colour, race, ethnic origin, nationality, religion, age or disability. The same opportunities are offered to disabled people as to all others in respect of recruitment and career advancement. Employees who become disabled will, wherever possible, be retained, rehabilitated and retrained.

Disclosure of information to auditor

The directors who held office at the date of approval of this report of the board confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board

Sanam Soufipour
Director

21 July 2016

Statement of Directors' Responsibilities in respect of the strategic report, directors' report and financial statements

For the period 1 March 2015 to 27 February 2016

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

• select suitable accounting policies and then apply them consistently;

• make judgements and 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; and

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that it's financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Oasis and Warehouse Limited

We have audited the financial statements of Oasis and Warehouse Limited for the period ended 27 February 2016, set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibility Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standard for Auditors.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion the financial statements :
- give a true and fair view of the state of the company's affairs as at 27 February 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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 the financial statements.

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.

Jonathan Russell (Senior Statutory Auditor)
for and on behalf of KPMG LLP

26 July 2016

Chartered Accountants
Arlington Business Park, Theale,
Reading, RG7 4SD

Oasis and Warehouse Limited

Profit and loss account and other comprehensive income

For the period 1 March 2015 to 27 February 2016

	Note	1 March 2015 to 27 February 2016 Total £m	4 March 2014 to 28 February 2015 Total £m
Turnover	2	1.6	1.0
Gross profit		1.6	1.0
Administrative expenses		-5.8	-5.5
Operating loss		-4.2	-4.5
Costs of a fundamental reorganisation or restructuring	4	-4.6	-
Loss on ordinary activities before interest and taxation		-8.8	-4.5
Interest receivable and similar income	7	0.6	0.1
Interest payable and similar charges	8	-0.6	-
Loss on ordinary activities before taxation		-8.8	-4.4
Tax on loss on ordinary activities	9	-	-
Loss for the financial year		-8.8	-4.4
Other comprehensive income		-	-
Total comprehensive income for the year		-8.8	-4.4

The notes on pages 11 to 21 also form part of these financial statements.

Oasis and Warehouse Limited
Balance sheet

As at 27 February 2016

	Note	27 February 2016 £m	28 February 2015 £m
Fixed assets			
Investments	10	87.6	90.9
Current assets			
Debtors (including £30.6m (2015: £0m) due after more than one year	11	35.3	10.6
Cash at bank and in hand		10.8	11.4
		46.1	22.0
Creditors : amounts falling due within one year	12	-11.6	-14.6
Net current assets		34.5	7.4
Total assets less current liabilities		122.1	98.3
Creditors : amounts falling due after more than one year	13	-30.6	-
Net assets		91.5	98.3
Capital and reserves			
Called up share capital	16	79.9	99.9
Share premium account	17	-	2.5
Profit and loss account	17	11.6	-4.1
Shareholder's funds		91.5	98.3

The notes on pages 11 to 21 also form part of these financial statements.

These financial statements were approved by the board of directors on 2 JULY 2016 and signed on its behalf by:

Sanam Soufipour
Director

Company registered number: 7410874 (England and Wales)

Oasis and Warehouse Limited
Statement of changes in equity

For the period 1 March 2015 to 27 February 2016

	Note	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance at 4 March 2014		99.9	-	0.3	100.2
Loss for the period		-	-	-4.4	-4.4
Arising on issue of shares		-	2.5	-	2.5
Balance at 28 February 2015		99.9	2.5	-4.1	98.3

	Note	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance at 1 March 2015		99.9	2.5	-4.1	98.3
Loss for the period	17	-	-	-8.8	-8.8
Arising on issue of shares	17	-	2.0	-	2.0
Capital reduction	16	-20.0	-4.5	24.5	-
Balance at 27 February 2016		79.9	-	11.6	91.5

The notes on pages 11 to 21 also form part of these financial statements.

1. Accounting policies

Oasis and Warehouse Limited (the "Company") (Co No 7410874) is a company limited by shares and incorporated and domiciled in the UK, and is part of the Aurora group of companies (the "Aurora Group").

1.1 Basis of Preparation - Accounting Convention

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £0.1m unless otherwise stated.

An explanation of how the transition to FRS 102 from old UK GAAP has affected the financial position and financial performance of the company is provided in note 23.

1.2 Compliance with accounting standards

The Company is a wholly owned subsidiary of Oasis and Warehouse Holdco 1 Limited (9787749) and of its ultimate parent, Aurora Fashions Group Limited (7410878). It is included in the consolidated financial statements of Aurora Fashions Group Limited which are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Aurora Fashions Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company was, at the end of the year, a subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition, or accounting estimates.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.13.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at fair value: financial instruments classified at fair value through the profit and loss.

1. Accounting policies (continued)

1.4 Basis of preparation - going concern

Aurora Fashions Group Limited is the holding company for the Aurora group of companies (the "Aurora Group"). Following a Group reconstruction and amendment to the Senior facilities agreement effected 2 October 2015 Kaupthing Bank hf's holding of shares in Aurora Fashions Group Limited comprises 100% of all share capital by nominal value and 100% of the voting rights across all share capital. At 2 October 2015 in a share for share exchange Kaupthing Bank hf transferred its shares in Karen Millen Group Limited to Aurora Fashions Group Limited who in turn transferred the shares to Aurora Fashions Holdings Limited and in turn to Aurora Fashions Finance Limited.

The Company made a loss for the year of -£8.8 million (2015: -£4.4 million) and had net current assets of £34.5 million (2015: £7.4 million) and net assets of £91.5 million (2015: £98.3 million).

Notwithstanding this, the directors have prepared the financial statements on a going concern basis for the reasons set out below:

Following the Group reconstruction and amendment agreement effected 2 October 2015, the Aurora Group 'banking subgroups' have secured facilities, which are now repayable in part in October 2019, with the balance on the termination date October 2020. The facilities are subject to certain financial and other covenant requirements. The treasury management function is now undertaken on an individual subsidiary/banking group level. Various companies in the 'banking subgroups' only have granted fixed and floating charges over its sister Group's assets and undertakings, under a debenture granted to secure the banking facilities.

The directors have prepared projected cash flows for the period ending approximately 15 months from the approval of these financial statements (the "Projections"). The Projections are based on certain assumptions and show that the Aurora Group is capable of operating within the facilities currently available and complying with the covenant requirements for the full term covered by the Projections.

The directors of Aurora Fashions Group Limited have tested the impact of variations from the Projections by assessing the adequacy of the Aurora Group's funds, under a combination of different scenarios constructed to reflect reasonably possible downside risks to the assumptions contained within the Projections. The directors recognise that in the current economic environment, the main risks relate to the achievability of the Aurora Group's forecast sales and margins and the timing of cash flows going forward. In such downside scenarios, the ability to continue to operate would be dependent on maintaining compliance with the financial covenants by implementing various cost saving initiatives within the timescales required. The directors consider that, in all reasonable downside scenarios, there are cost saving measures available to the Aurora Group to implement which would avoid breaching the terms of any financial covenant.

The going concern assessment performed by the directors of the Aurora Group therefore also depends on the going concern assessment performed by the directors of the respective sub groups, Oasis and Warehouse, Coast and Karen Millen. Accordingly, the directors have satisfied themselves with the going concern assessment performed by the directors of the respective sub groups. The directors, having made reasonable enquiries, consider that the Aurora Fashions Group has sufficient facilities in order to meet its projected obligations as they fall due.

Given the facts and circumstances described above and after making enquiries, the directors have a reasonable expectation that the Company and the Aurora Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1. Accounting policies (continued)

1.5 Foreign currencies

The Company's functional and presentational currency is pound sterling. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction where no forward cover exists or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

1.6 Financial Instruments

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

Derivative financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.7 Basic financial instruments

Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life on a straight line basis, as follows:

Fixtures and Fittings	Over five to ten years
Computer hardware and software	Over three to five years

1.9 Investments

Investments are included at cost less impairment.

1. *Accounting policies (continued)*

1.10 Intangible fixed assets, goodwill and amortisation

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds fair value of such net assets.

At the date of transition to FRS 102, the Groups goodwill had a remaining useful economic life of 15 years. There have been no events which affect this estimate at the date of transition to FRS 102, and as such the Directors consider it appropriate to continue to amortise the goodwill over this period on a straight-line basis as it reflects management's best estimate of it's useful economic life. Goodwill has no residual value. In support of the continuing useful economic life, factors considered are the nature of the business, product lifecycle and overall industry sector performance and projections. Net present value of future cash inflows are measured at respective entity level, key assumptions are based on historical trends and future market expectations.

The Group performs an annual impairment review of the Goodwill, and if it considers that the carrying amount exceeds the recoverable amount then the difference will be recognised as an impairment loss through the profit and loss account.

For purchased goodwill arising on acquisitions after the date of transition to FRS 102, goodwill will be capitalised and amortised through the profit and loss account over a period of 10 years unless the directors consider it has a materially different useful life.

1.11 Impairments

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment is recognised when the carrying amount of an investment, fixed asset or goodwill exceeds the recoverable amount. The recoverable amount of the asset is the higher of net realisable value or value in use. To the extent that the carrying amount exceeds the recoverable amount, the difference will be recognised as an impairment loss through the profit and loss account.

In respect of Tangible Fixed Assets held at retail locations, management use the concept of payback period, defined as net book value divided by EBITDA, to help identify any indicators of impairment. Where such an indicator exists, an assessment of the retail location's prospects is performed based on budgeted data and facts and circumstances specific to that location. Retail locations where management do not expect a sufficient improvement in performance, or where there exists a plan to close the store, the assets assigned to that store are impaired in full as management deem that the recoverable amount is zero.

Where an indicator of impairment exists in respect of Goodwill or Investments, the value in use is assessed by discounting the expected future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. Management assess that future cash flows approximate to the EBITDA generated by the assets that gave rise to the goodwill, or to the EBITDA generated by the subsidiary undertakings in the case of Investments.

1.12 Employee Benefits

The company provides a range of benefits to employees including paid holiday arrangements, product discount facilities, and private health insurance, amongst others.

The Company provides access to a stakeholder pension for all UK employees. In addition, contributions are made to specific employees' personal pension plans. In accordance with government legislation, in October 2013 all eligible employees were auto-enrolled into a qualifying pension scheme.

1. Accounting policies (continued)

1.13 Accounting estimates and judgements

The company estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.14 Provisions

A provision is recognised where the group has a legal or constructive obligation as a result of a past event and it is probable that the outflow of economic benefits will be required to settle the obligation.

1.15 Turnover

Turnover relates to the provision of central administrative and support services, excluding value added tax. Turnover is recognised when the service is provided to the customer.

1.16 Expenses

Operating lease
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable
Interest payable and similar charges include interest payable, finance charges and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or tax.
Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. **Turnover**

Turnover relates to the provision of central administrative and support services to other Group companies and it is derived entirely in the UK.

3. **Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging:

	1 March 2015 to 27 February 2016 £m	4 March 2014 to 28 February 2015 £m
Operating lease rentals - property	0.3	0.5

4. **Expenses & Auditor's Remuneration**

Included in the loss of the Company are the following:

Costs of a fundamental reorganisation or restructuring

	1 March 2015 to 27 February 2016 £m	4 March 2014 to 28 February 2015 £m
Reorganisation and restructuring costs	4.6	-

Auditor's remuneration
The remuneration payable in relation to audit services for a number of companies within the Aurora Group was borne by the Company in the current and previous periods. The amount paid in relation to this Company specifically was £4,167 (2015 : £7,850).

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of Aurora Fashions Group Limited.

5. **Staff numbers and costs**

The average number of persons employed by the Company during the period was:

	1 March 2015 to 27 February 2016 Number	4 March 2014 to 28 February 2015 Number
Services	138	120

The aggregate payroll costs of these persons were as follows:

	1 March 2015 to 27 February 2016 £m	4 March 2014 to 28 February 2015 £m
Wages and salaries	4.9	4.0
Social security costs	0.5	0.7
	5.4	4.7

6. **Remuneration of directors**

	1 March 2015 to 27 February 2016 £m	4 March 2014 to 28 February 2015 £m
Directors' emoluments	1.1	2.3
Highest paid director:		
Directors' emoluments	0.8	2.2

7. Interest receivable and similar income

	1 March 2015 to 27 February 2016 £m	4 March 2014 to 28 February 2015 £m
Interest receivable on amounts owed from Group undertakings	0.6	-
Unrealised foreign exchange gains	-	0.1
	0.6	0.1

8. Interest payable and similar charges

	1 March 2015 to 27 February 2016 £m	4 March 2014 to 28 February 2015 £m
Interest payable on amounts owed to Group undertakings	0.6	-

9. Taxation

The company suffered no current or deferred tax in the current or prior year.

Reconciliation of effective tax rate:	1 March 2015 to 27 February 2016 £m	4 March 2014 to 28 February 2015 £m
Loss before tax	-8.8	-4.4
Total tax expense	-	-
Loss after tax	-8.8	-4.4
Tax using the UK corporation tax rate of 20.08% (2015: 21.17%)	-1.8	-0.9
Expenses not deductible for tax	1.8	0.9
Total tax charge for the period	-	-

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current and deferred tax charges accordingly.

10. Investments

	Subsidiary undertakings £m
Cost	
At 1 March 2015	90.9
Additions	0.8
At 27 February 2016	91.7
Provisions	
At 1 March 2015	-
Impairment losses	-4.1
At 27 February 2016	-4.1
Net Book Value	
At 27 February 2016	87.6
At 1 March 2015	90.9

In the current year the Company made a capital contribution of £0.8m to A Fashions Sweden AB by way of a formal waiver of intercompany debt.

Management undertake an annual review of the value of their investments and it was agreed that the value of the investment in A Fashions Sweden AB would be impaired in the current period. The impairment charge is included in administrative expenses.

The Company's undertakings at the end of the period are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Directly owned:			
A Fashions Sweden AB	Sweden	Retail	Ordinary - 100%
Bastyan Fashions Limited	UK	Retail	Ordinary - 100%
Oasis Fashions Holdings Limited	UK	Holding	Ordinary - 100%
Warehouse Fashions Holdings Limited	UK	Holding	Ordinary - 100%
Indirectly owned:			
Aurora Fashions Asia Limited	Hong Kong	Service	Ordinary - 50%
Aurora Fashions Services Limited	UK	Service	Ordinary - 50%
Oasis Fashions Retail Limited	UK	Property	Ordinary - 100%
Oasis Fashions Ireland Limited	Ireland	Retail	Ordinary - 100%
Oasis Fashions Limited	UK	Retail	Ordinary - 100%
Oasis Fashions US Limited	UK	Dormant	Ordinary - 100%
Warehouse Retail Limited	UK	Property	Ordinary - 100%
Warehouse Fashions Limited	UK	Retail	Ordinary - 100%
Warehouse Fashions Ireland Limited	Ireland	Retail	Ordinary - 100%
Warehouse Fashions US Limited	UK	Dormant	Ordinary - 100%

11. Debtors

	27 February 2016 £m	28 February 2015 £m
Trade debtors	0.1	0.8
Amounts owed by Group undertakings	30.6	9.0
Corporation tax	0.1	0.1
Prepayments and accrued income	3.8	0.1
Other taxation and social security	0.7	0.6
	35.3	10.6
Due within one year	4.7	10.6
Due after more than one year	30.6	-

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. *Creditors: amounts falling due within one year*

	27 February 2016 £m	28 February 2015 £m
Amounts owed to Group undertakings	9.4	10.7
Other taxation and social security	0.8	1.2
Other creditors	0.1	0.2
Accruals and deferred income	1.3	2.5
	11.6	14.6

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	27 February 2016 £m	28 February 2015 £m
Loans and overdrafts with Aurora Group undertakings (see note 14)	30.6	-

14. Interest-bearing loans and borrowings

The loans referred to in note 13 are with Aurora Fashions Finance Limited, a fellow Aurora Group subsidiary.

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost

	27 February 2016 £m	28 February 2015 £m
Creditors falling due more than one year		
Secured loans	30.6	-

There is security between the banking sub groups, Oasis and Warehouse, Coast and Karen Millen and certain of their trading subsidiaries in favour of Aurora Fashions Finance Limited, in the form of fixed and floating charges over the undertakings and all property and assets. The net book value of assets are contained within the individual entities' statutory accounts.

Terms and debt repayment schedule:

	Interest rate	27 February 2016 £m	28 February 2015 £m
Facility A, repayable 50% in 2019 and 50% in 2020	5.00%	6.1	-
Facility B, repayable in 2020	5.00%	24.5	-
		30.6	-

15. Employee benefits

The company provides a range of benefits to employees including paid holiday arrangements, product discount facilities, and private health insurance, amongst others.

During the period there were no advances to Directors.

Post-retirement benefits
In October 2013, in accordance with government legislation, all eligible employees were auto-enrolled into a state qualified pension scheme. In addition, contributions are made to specific employees' personal pension plans.

16. Share capital

	27 February 2016 £m	28 February 2015 £m
Allotted, called up and fully paid:		
99,859,458 Ordinary shares of £1.00	-	99.9
99,859,460 Ordinary shares of £0.80	79.9	-

Holders of Ordinary shares are entitled to one vote in any circumstance per share held, and an equal share of dividends.

As part of the Group re-construction, the Company undertook a capital reduction. This reduced the nominal share capital and eliminated share premium of £4.5m.

17. Reserves

	Share premium account £m	Profit and loss account £m
At 28 February 2015	2.5	-4.1
Loss after taxation for the financial period	-	-8.8
Arising on issue of shares	2.0	-
Capital reduction	-4.5	24.5
At 27 February 2016	-	11.6

18. Financial Instruments

The carrying amount of financial assets and liabilities include:

	27 February 2016 £m	28 February 2015 £m
Assets / (liabilities) measured at fair value through profit or loss	3.6	-0.3
	3.6	-0.3

The financial assets or liabilities held by the Company at the balance sheet date are representative of the fair value of forward foreign exchange contracts held for use by the Oasis and Warehouse Group in the following financial period.

The fair value of forward foreign exchange contracts is based on their listed market price.

19. Guarantees and other commitments

Certain companies within the Aurora Fashions Group, The 'banking subgroups' are party to the terms of a Senior Facilities Agreement (the "SFA") with Aurora Fashions Finance Limited (AFFL), exclusively as a borrower, the borrowers are Oasis and Warehouse Limited, Coast Debtco Limited and Karen Millen Holdings Limited. Each banking sub group/silo under the obligations of their SFA has a number of group companies party to the SFA as Guarantors, the values of which are disclosed within the respective company accounts. Such guarantee shall continue under the restructured bank loans. Under the terms of the cross guarantee, an event of default in the Company or certain other companies in the sub group would mean that the lender, AFFL, has the ability to call on any of the other companies within the respective banking sub groups to step in to fulfil the obligations of that borrower/guarantor. An event of default could include an entity becoming insolvent. It should be noted that the call under the guarantee is on demand, and as such the demand is at the discretion of AFFL in its capacity as sole Lender.

As of 2 October 2015 there is security between the banking sub groups, Oasis and Warehouse, Coast and Karen Millen and certain of their trading subsidiaries in favour of AFFL, in the form of fixed and floating charges over the undertakings and all property and assets. The net book value of assets are contained within the individual entities' statutory accounts.

20. Related parties

The Company has a related party relationship with its directors, with the undertakings which form the Aurora Group and with its ultimate parent company, Kaupthing Bank hf.

The Company has taken advantage of the exemption in Financial Reporting Standard FRS 102 33.1A Related Parties Transactions not to disclose transactions with fellow wholly owned subsidiary undertakings of the group headed by Aurora Fashions Group Limited.

21. Immediate and ultimate parent company and parent undertaking of larger group

As a result of the Group reconstruction effected 2 October 2015, two new holding companies were incorporated into the Oasis and Warehouse Group and so the immediate parent of the Company became Oasis and Warehouse Holdco 2 Limited.

The ultimate parent company and ultimate controlling party is Kaupthing Bank hf., a company incorporated in Iceland. The largest group in which the results of the Company are consolidated is that headed by Aurora Fashions Group Limited, incorporated in England and Wales, and the smallest group in which the results of the company are consolidated is that headed by Oasis and Warehouse Holdco 1 Limited, incorporated in the UK. The consolidated financial statements of Aurora Fashions Group Limited and Oasis and Warehouse Holdco 1 Limited are available from Aurora Fashions Group Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire, OX29 5UT, UK.

22. Post balance sheet events

There are no significant post balance sheet events which affect the financial statements.

23. Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 27 February 2016 and the comparative information presented in these financial statements for the year ended 28 February 2015.

This transition did not affect the reported financial position as at 4 March 2014 (the transition date) or the financial position and performance for the period ended 27 February 2015 as previously reported in accordance with UK GAAP, the Company's old basis of accounting. Therefore no adjustments have been made to any comparative figures to that included in the 2015 published financial statements, and no reconciliation has been presented.