

HS 524 Limited

Annual Report and Financial Statements

Period from 02 March 2014 to 28 February 2015

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COMPANIES HOUSE

Company Registration No. 07487239 (England and Wales)

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HS 524 Limited

Company information

For the period ended 28 February 2015

Directors	Michael Shearwood Gemma Metheringham Andrew Ware	Resigned 03 September 2015
Secretary	Heatons Secretaries Limited	
Company number	07487239	
Registered office	The Triangle Stanton Harcourt Industrial Estate Stanton Harcourt Witney Oxfordshire OX29 5UT	
Auditor	KPMG LLP Arlington Business Park Theale Reading RG7 4SD	
Loan provider	Kaupthing hf. Borgartun 26 105 Reykjavik Iceland	
Solicitor	Field Fisher Waterhouse LLP 5th Floor, Free Trade Exchange 37 Peter Street Manchester M2 5GB	White and Case LLP 5 Old Broad Street London EC2N 1DW

HS 524 Limited
Strategic report
For the period ended 28 February 2015

Principal activities of the business

HS 524 Limited is a subsidiary of Karen Millen Group Limited (the "Karen Millen Group" or the "Group").

The principal activities of the Company are holding a subordinated loan on behalf of the Karen Millen Group. The principal activities of the Karen Millen Group are the design, development and sale of exclusive womenswear and fashion accessories, under the 'Karen Millen' and 'KM' brand names.

Objectives and strategy

The Group's objective is to grow sales profitability and to optimise returns for its shareholders. This objective will be delivered by driving brand performance and leveraging existing assets while continuing to exploit the significant opportunity offered by development of new stores, concessions and ecommerce channels internationally.

The directors of the Group use a number of key performance indicators which they consider are effective in measuring delivery of their strategy, and which assist in the management of the business. They assess individual store performance by monitoring changes in sales, margins and profitability.

Business review

The Company made a profit for the year of £2.9 million (2014: £2.4 million) and had net current assets of £95.9 million (2014: £91.8 million) and net assets of £10 million (2014: £7.1 million).

Key performance indicators

The Company's only activity is holding a subordinated loan on behalf of the Karen Millen Group and, as such, there are no relevant performance indicators that would enhance the reader's understanding of these financial statements.

Risks

Changes in fashion trends

The principal risk faced by the Karen Millen Group, of which the Company is a member, is that the product offering declines in popularity, leading to reduced revenues, margins and cash flow. Across the Group the risk is managed by operating an in-house design and product development model and a complex global merchandising model, which focus on generating fashionable product lines, optimising lead times and stock levels.

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.

HS 524 Limited
Strategic report (continued)

For the period ended 28 February 2016

Risks (continued)

Liquidity risk

With effect from 2 October 2015, the Group entered into a new stand-alone Senior Facilities Agreement ("SFA") providing term debt and committed revolving credit facilities; all previous cross guarantee obligations have been released under the new SFA. This agreement replaces previous term debt and revolving credit facilities which were due for repayment by June 2016 and has been executed alongside a reorganisation of the capital structure of the Karen Millen Group. The new SFA has been provided by Aurora Fashions Finance Limited in its capacity as lender, agent and security agent for Kaupthing Bank hf.

These new facilities are subject to financial covenant targets that adjust through the maturity of the loans. The financial conditions are set out in Note 14 to the financial statements "Post Balance Sheet Events".

The Karen Millen Group remains ultimately owned by Kaupthing Bank hf.

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


Andrew Ware
Director

30 November 2016

HS 524 Limited

Directors' report

For the period ended 28 February 2015

The directors present their annual report and the audited financial statements for the 52 week period from 02 March 2014 to 28 February 2015. The comparative period is the 52 week period from 03 March 2013 to 01 March 2014.

Directors

The Directors of the Company during the period were :

Michael Shearwood
Gemma Metheringham
Andrew Ware

Resigned 03 September 2015

Results and dividends

The Company's results are set out on page 10. The directors do not recommend the payment of a dividend in the period (2014: nil).

Post balance sheet events

With effect from 2 October 2015, the Group entered into a new stand-alone Senior Facilities Agreement ("SFA") providing term debt and committed revolving credit facilities; all previous cross guarantee obligations have been released under the new SFA. This agreement replaces previous term debt and revolving credit facilities which were due for repayment by June 2016 and has been executed alongside a reorganisation of the capital structure of the Karen Millen Group. The new SFA has been provided by Aurora Fashions Finance Limited in its capacity as lender, agent and security agent for Kaupthing Bank hf.

These new facilities are subject to financial covenant targets that adjust through the maturity of the loans. The financial conditions are set out in Note 14 to the financial statements "Post Balance Sheet Events".

The Karen Millen Group remains ultimately owned by Kaupthing Bank hf.

Karen Millen Group financing facilities

Facility	Total capital outstanding as at 28th February 2015 (£'000)	Rolled up interest at 28th February 2015 (£'000)	Total facility outstanding as at 28th February 2015 (£'000)	Previous maturity date	Revised facilities following Group reconstruction (£'000)	New maturity analysis
Senior - A	-	-	-		7,000	3 - 5 years
Senior - B	15,000	1,947	16,947	June 2016	28,000	3 - 5 years
Senior - C	45,000	6,224	51,224	June 2016	-	
Subordinated debt	55,999	-	55,999	Exit event	-	3 - 5 years
Revolving Credit	25,000	-	25,000	June 2016	10,000	3 - 5 years

Although a new revolving credit facility of £10 million has been made available to the Karen Millen Group only £5 million has been drawn down as at the date of signing these financial statements.

The financial impact of the balance sheet reorganisation on the Karen Millen Group as at the Balance Sheet date can be seen in the pro forma balance sheet illustrated below:

Karen Millen Group Limited				
Pro Forma consolidated balance sheet				
As at 28 February 2015				
	Proforma position 2015		2015 Statutory results	
	£m	£m	£m	£m
Fixed assets				
Intangible assets	3.0		3.0	
Tangible fixed assets	<u>11.4</u>		<u>11.4</u>	
		14.4		14.4
Current assets				
Stocks	26.4		26.4	
Debtors	22.7		22.7	
Cash at bank and in hand	<u>6.0</u>		<u>6.0</u>	
		55.1		55.1
Creditors : amounts falling due within one year		<u>-21.4</u>		<u>-43.4</u>
Net current assets		<u>33.7</u>		<u>11.7</u>
Total assets less current liabilities		<u>48.1</u>		<u>26.1</u>
Creditors : amounts falling due after more than one year		-37.0		-126.2
Provisions for liabilities and charges		-		-
Net assets/(liabilities)		<u>11.1</u>		<u>-100.1</u>
Capital and reserves				
Called up share capital		-		-
Share premium account		111.3		0.1
Other reserves		-81.2		-81.2
Profit and loss account		<u>-19.0</u>		<u>-19.0</u>
Shareholders' surplus/(deficit) - equity interests		<u>11.1</u>		<u>-100.1</u>

* Adjusted for new debt facilities replacing previous facilities. Note no RCF drawdown is assumed in the pro-forma balance sheet.

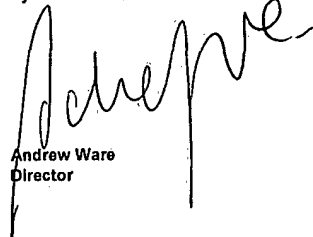
Disclosure of Information to auditor

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



Andrew Ware
Director

30 November 2015

HS 524 Limited

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

For the period ended 28 February 2015

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).

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 HS 524 Limited

We have audited the financial statements of HS 524 Limited for the period ended 28 February 2015 set out on pages 10 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.

Simon Haydn-Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

30th November 2015

HS 524 Limited
Profit and loss account
For the period ended 28 February 2015

		52 week period ended 28 February 2015	52 week period ended 01 March 2014
	Note	£m	£m
Interest receivable and similar income	5	4.2	3.5
Interest payable and similar charges	6	-1.3	-1.1
Profit on ordinary activities before taxation		2.9	2.4
Tax on Loss on ordinary activities	7	-	-
Profit after taxation for the financial period	12	2.9	2.4

The current period is the 52 week period from 02 March 2014 to 28 February 2015. The comparative period is the 52 week period from 03 March 2013 to 01 March 2014.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

In the current accounting period the company recognised no gains or losses other than the profit for that period.

The notes on pages 12 to 18 form part of the financial statements.

HS 524 Limited Balance sheet

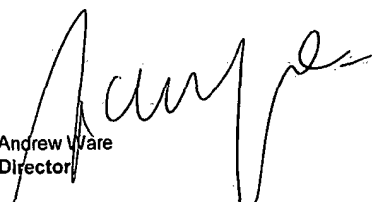
As at 28 February 2015

	Note	52 week period ended 28 February 2015 £m	52 week period ended 01 March 2014 *Restated £m
Current assets			
Debtors (Includes Debtors greater than one year £95.9 million (2014: £91.8 million))	8	95.9	91.8
Creditors : amounts falling due within one year	9	<u>-29.9</u>	<u>-28.7</u>
Net current assets		<u>66.0</u>	<u>63.1</u>
Total assets less current liabilities		66.0	63.1
Creditors : amounts falling due after more than one year	10	<u>-56.0</u>	<u>-56.0</u>
Net assets		<u>10.0</u>	<u>7.1</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	<u>10.0</u>	<u>7.1</u>
Shareholders' funds - equity interests		<u>10.0</u>	<u>7.1</u>

The notes on pages 12 to 18 form part of the financial statements.

*For details of the restatement see note 1.3

These financial statements were approved by the board of directors on 30 November 2015 and signed on its behalf by:


Andrew Ware
Director
Company registered number 07487239

HS 524 Limited

Notes forming part of the financial statements

For the period ended 28 February 2015

1. Accounting policies

1.1 Basis of preparation - going concern

The company made a profit for the year of £2.9 million (2014: £2.4 million) and had net current assets of £66 million (£63.1 million). At the year end the Company had net assets of £10 million (2014: £7.1 million).

The Karen Millen Group made a loss for the year of £13.2 million (2014: £7.4 million) and had net current assets of £11.7 million (2014: liabilities of £47.2 million). At the year end the Group had net liabilities of £100.1 million (2014: £84.9 million).

The 2014 comparative numbers referenced in the notes to the financial statements refer to the 52 week period ended 1 March 2014.

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

With effect from 2 October 2015, the Group entered into a new stand-alone Senior Facilities Agreement ("SFA") providing term debt and committed revolving credit facilities. This agreement replaces previous term debt and revolving credit facilities which were due for repayment by June 2016 and has been executed alongside a reorganisation of the capital structure of the Karen Millen Group. The new SFA has been provided by Aurora Fashions Finance Limited in its capacity as lender, agent and security agent for Kaupthing Bank Hf. Kaupthing Bank Hf remains the ultimate owner of the Karen Millen Group via its shareholding in Aurora Fashions Finance Limited. Within this corporate structure, the Karen Millen Group remains a separate banking group responsible for its own treasury management; all previous cross guarantee obligations have been released under the new SFA.

These new facilities are subject to financial covenant targets that adjust through the maturity of the loans. Each of the covenants is forecast to be satisfied throughout the next twelve months and for the foreseeable future thereafter.

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 Karen Millen 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 Karen Millen Group Limited have tested the impact of variations from the Projections by assessing the adequacy of the Karen Millen 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 Karen Millen 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 and continuing to operate within the facilities. The directors consider that, in all reasonable downside scenarios, there are cost saving measures available to the Karen Millen Group to implement which would avoid breaching the terms of any financial covenant and breaching its facilities.

Given the facts and circumstances described above and after making enquiries, the directors have a reasonable expectation that the Company and the Karen Millen 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.

HS 524 Limited

Notes forming part of the financial statements (continued)

For the period ended 28 February 2016

1. Accounting policies (continued)

1.2 Basis of preparation - accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.3 Basis of preparation - prior year restatement

The Company has restated the prior year amount owed to group undertakings from 'Creditors: amounts falling due after more than one year' to 'Creditors: amounts falling due within one year' on the basis that there is no fixed repayment date and, as such, could be repayable on demand. As a result, 'Creditors: amounts falling due within one year' have increased by £28.7 million and 'Creditors: amounts falling due after more than one year' have decreased by the same amount. There is no impact on the profit and loss account or net liabilities for any period.

1.4 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cashflows of the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Karen Millen Group Limited, the Company has taken advantage of the exemption contained in FRS 8 Related Party Transactions and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Karen Millen Group Limited, within which this Company is included, can be obtained from Karen Millen Group Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire OX29 5UT.

1.5 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves. Profit and loss accounts of such undertakings are consolidated at the rate of exchange ruling at the date of the underlying transactions.

1.6 Tax

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have arisen but not yet reversed by the Balance Sheet date, except as otherwise required by FRS 19.

HS 524 Limited

Notes forming part of the financial statements (continued)

For the period ended 28 February 2015

1. Accounting policies (continued)

1.7 Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company 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 Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's 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 Company'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. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Financial instruments are shown at the cost of acquisition or issuance.

HS 524 Limited

Notes forming part of the financial statements (continued)

For the period ended 28 February 2015

2. Operating profit before interest and tax

In the current and prior periods, the remuneration payable in relation to audit services for all the UK entities of the Karen Millen Group was borne by Karen Millen Fashions Limited, a fellow group subsidiary, including £9,000 (2014: £6,156) specifically relating to the Company.

3. Remuneration of directors

During the current and prior periods, the directors have been remunerated by Karen Millen Fashions Limited in respect of their services to the Karen Millen Group as a whole.

4. Staff numbers and costs

Other than the directors there are no employees of the Company.

5. Interest receivable and similar income

	2015 £m	2014 £m
Interest receivable on amounts owed by group undertakings	4.2	3.5

6. Interest payable and similar charges

	2015 £m	2014 £m
Interest payable on amounts owed to group undertakings	1.3	1.1

7. Taxation

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 21% (2014: 23.1%) applied to profit before tax. The differences are explained below:

	2015 £m	2014 £m
Current tax reconciliation		
Profit on ordinary activities before tax	2.9	2.4
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2014: 23.1%)	0.6	0.6
Factors affecting the taxation charge for the period:		
Group relief claimed	-0.6	-0.6
Current tax charge for the period	-	-

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

HS 524 Limited

Notes forming part of the financial statements (continued)

For the period ended 28 February 2015

8. Debtors : amounts receivable in more than one year	2015 £m	2014 £m
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Amounts owed by group undertakings	95.9	91.8
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9. Creditors: amounts falling due within one year	2015 £m	2014 £m *Restated
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Amounts owed to group undertakings	-29.9	-28.7
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	-29.9	-28.7
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*For details of the restatement see note 1.3

10. Creditors : amounts falling due after more than one year	2015 £m	2014 £m *Restated
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Bank loans and overdrafts	56.0	56.0
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	56.0	56.0
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*For details of the restatement see note 1.3

Analysis of debt:	2015 £m	2014 £m
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Debt can be analysed as falling due:

In five years or more	56.0	56.0
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The subordinated debt of £55,999,100 is non interest bearing and is repayable only in the event of the disposal, sale, listing or winding up of Karen Millen Group Limited or HS 524 Limited or, at the request of the lender, per a deed of amendment dated 28 February 2013, can be converted into ordinary redeemable shares, such shares having no voting or dividend rights. It is shown in the table above as falling due in five years or more.

11. Share capital	2015 £m	2014 £m
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Authorised:

10,000 ordinary shares of £1.00	-	-
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Allotted, called up and fully paid:

1 ordinary share of £1.00	-	-
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HS 524 Limited

Notes forming part of the financial statements (continued)

For the period ended 28 February 2015

12. Profit and loss account	2015 £m	2014 £m
At the start of the period	7.1	4.7
Profit for the period	2.9	2.4
At the end of the period	10.0	7.1

13. Guarantees and other commitments

At the period end, there was a debenture between the Company and certain trading subsidiaries of the Karen Millen Group in favour of Kaupthing hf. in the form of fixed and floating charges over the undertakings and all property and assets. The net book values of assets are contained within the individual entities' statutory accounts.

Under the terms of the Senior Facilities Agreement dated 2 October 2015 ("SFA") with Aurora Fashions Finance Limited, the Karen Millen Group has a number of group companies party to the SFA as guarantors, the values of which are disclosed within the respective company accounts; all previous cross guarantee obligations have been released under the new SFA.

As of 2 October 2015 there is security between the banking sub groups, Oasis and Warehouse, Coast and Karen Millen and certain members 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.

14. Post balance sheet events

With effect from 2 October 2015, the Group entered into a new stand-alone Senior Facilities Agreement ("SFA") providing term debt and committed revolving credit facilities; all previous cross guarantee obligations have been released under the new SFA. This agreement replaces previous term debt and revolving credit facilities which were due for repayment by June 2016 and has been executed alongside a reorganisation of the capital structure of the Karen Millen Group. The new SFA has been provided by Aurora Fashions Finance Limited in its capacity as lender, agent and security agent for Kaupthing Bank hf.

These new facilities are subject to financial covenant targets that adjust through the maturity of the loans.

The Karen Millen Group remains ultimately owned by Kaupthing Bank hf.

HS 524 Limited

Notes forming part of the financial statements (continued)

For the period ended 28 February 2015

15. Related parties

The Company has related party relationships with its directors and with its ultimate parent company, Kaupthing hf. The Company also has a related party relationship with the Aurora Fashions Group, as both the Karen Millen Group and the Aurora Fashions Group are partially owned by Kaupthing hf. and both groups share certain directors. Kaupthing hf's holding of shares in Karen Millen Group Limited comprises 82% of all share capital by nominal value and 82% of the voting rights across all share capital.

Transactions with related parties

Loans from Kaupthing hf. totalling £56.0 million were transferred to the Company during the 2012, which were wholly outstanding at the current period end (see note 9).

16. Ultimate parent company and parent undertaking of larger group

The ultimate parent company is Kaupthing hf, a company incorporated in Iceland.

For the 52 weeks ended 28 February 2015 the largest group in which the results of the Company are consolidated is that headed by Karen Millen Group Limited, incorporated in the UK. The consolidated accounts of Karen Millen Group Limited are available from Karen Millen Group Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire, OX29 5UT, UK.

As a result of the Group reconstruction effected 02 October 2015, a new holding company was incorporated, Karen Millen Holdco 1 Limited, to head up the Karen Millen Group, whose immediate parent is Aurora Fashions Finance Limited, all companies incorporated in England and Wales.