

HS 524 Limited

Annual Report and Financial Statements

Period from 26 February 2017 to 24 February 2018

Company Registration No. 07487239 (England and Wales)



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Company information

Directors

Beth Butterwick
Emily Tate

Secretary

Heatons Secretaries Limited

Company number

07487239

Registered office

The Triangle
Stanton Harcourt Industrial Estate
Stanton Harcourt
Witney
Oxfordshire
OX29 5UT

Auditor

KPMG LLP
Tollgate
Chandler's Ford
Eastleigh
SO53 3TG

Solicitor

White and Case LLP
5 Old Broad Street
London
EC2N 1DW

Strategic report

Principal activities of the business

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

The Company holds intercompany loans within the Karen Millen Group.

The principal activity of the Group is selling beautifully crafted women's clothing, footwear and accessories. The Group, to which the Company belongs, continues to develop and add to its core categories as well as planning and introducing new ones. Karen Millen is a truly global business and trades through stores, concessions, digital, franchise, wholesale and licensing channels across 6 continents.

Group objectives and strategy

The Group's objectives are to return to sustainable profitable growth and to optimise returns for its shareholders.

The 52 weeks ended 24th February 2018 has been a period of operational stabilisation for the Karen Millen Group. The digital business grew significantly year-on-year following further investment in the web platform which has provided an enhanced offering for customers. Other initiatives that have been implemented include improving the product collection, further rationalisation of the store estate and efficiency and cost saving initiatives.

Key performance indicators

The Group's executive management team reviews detailed daily, weekly and monthly information covering a range of financial and non-financial key performance indicators which they consider are effective in measuring delivery of their strategy, and which assist in the management of the business.

Financing

With effect from 2nd October 2015, the Group entered into a stand-alone Senior Facilities Agreement ("SFA") providing term debt and also committed revolving credit facilities. The SFA has been provided by Aurora Fashions Finance Limited in its capacity as lender, agent and security agent for Kaupthing Bank ehf. Kaupthing Bank ehf remains the ultimate owner of the Karen Millen Group via its shareholding in Aurora Fashions Group Limited. Within this corporate structure, the Karen Millen Group remains a separate banking group responsible for its own treasury management.

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

Liabilities falling due in greater than one year in the Group balance sheet are £42.5 million (2017: £38.1 million), resulting in net liabilities of £12.7 million (2017: £7.0 million).

Outlook

The outcome of the UK's decision to leave the European Union remains unclear and, as a result, the specific macroeconomic effects and their impact on the UK clothing market remain difficult to predict.

In mitigation, 50.2% (2017: 52%) of our sales come from outside the UK and short term foreign exchange movements have been predominantly alleviated through hedging for the next 9-12 months. Despite very challenging market conditions, by continuing to focus on our customers, by improving our product ranges and by delivering our planned initiatives, the Board is confident in the Group's prospects for the current year and beyond.

Principal risks and uncertainties

The risks and uncertainties described below represent those which the Directors consider to be the most significant to delivering the Group's strategy. These are reviewed on a regular basis and mitigating actions put in place as required.

Strategic report (continued)

Changes in fashion trends

The principal risk faced by the Group, along with all fashion retailers, is that the product offering will not satisfy customers, leading to reduced revenues, margins or excess inventory. Across the Group the risk is managed by having an experienced team in place, with a high level of market awareness and understanding of fashion and consumer needs, operating an in-house design and product development model.

Supply chain

The Group is dependent on the ability of its suppliers to manufacture its products to the desired quality and ethical standards and on its logistics providers to ensure it reaches the required location on a timely basis. If product is not delivered on time and to the required specifications there is a risk that revenue will be impacted. In addition, if suppliers do not work within the Group's required ethical standards, it could have a negative impact on the Karen Millen brand and reputation. The Group works closely with its suppliers to mitigate these risks. The Group ensures that all suppliers agree to the ethical and operating trading standards which it has in place. The standards, arrangements and contingency plans are under regular review by management.

People

It is key to the Group's success to attract, retain, develop and motivate the best people with the appropriate capabilities at all levels of the organisation. Performance could be negatively impacted by the loss of key individuals or the inability to obtain suitable replacements in a timely manner. We endeavour to retain key employees by ensuring that appropriate levels of incentivisation are in place and by having an unique work culture and environment.

Foreign exchange risk

The Group purchases the majority of its product stock from overseas and is therefore exposed to foreign currency risk; primarily the US Dollar. This therefore exposes the business to risk of exchange rate fluctuations which could have a significant impact on margins. The anticipated exit of the UK from the EU has resulted in a devaluation of sterling against the US Dollar and increased volatility. Exchange rates are monitored on a daily basis. Currency hedge instruments are put in place to manage foreign currency risk in accordance with our treasury policy.

Liquidity risk

The group has a revolving credit facility ("RCF") to manage its working capital requirements. Senior management reviews cash flow forecasting on a weekly basis and liquidity risk forms part of the monthly main board meetings where risks and opportunities are considered.

Health and safety

The health and safety of all employees, customers, contractors, sites and equipment is very important to the Group. Breaches of health and safety could result in injuries and also damage to the Karen Millen brand reputation. The Group has processes and procedures in place to mitigate health and safety risks, including risk assessments, accident reporting and nominated health and safety representatives across the business. Policies and procedures are reviewed regularly to ensure health and safety management is robust and up to date.

By Order of the Board



Beth Butterwick
Chief Executive Officer

Date: 20 July 2018

The Triangle
Stanton Harcourt Industrial Estate
Stanton Harcourt
Witney

Oxfordshire OX29 5UT

Directors' report

The directors present their annual report and the audited financial statements of HS 524 Limited (the Company) for the 52 week period from 26 February 2017 to 24 February 2018. The comparative period is the 52 week period from 28 February 2016 to 25 February 2017.

Directors

The directors of the Company during the period were :

Beth Butterwick

Emily Tate

Results and dividends

The Company's results are set out on page 8. Total turnover for the 52 week period amounted £nil (2017: £nil). The Company made a profit for the period of £3.6 million (2017: profit of £3.5 million) and had net current assets of £76.2 million (2017: £72.6 million) and net assets of £76.2 million (2017: £72.6 million).

The directors do not recommend the payment of a dividend in the period (2017: nil).

Political contributions

The Company made no political contributions during the period (2017: £nil).

Employees

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

The Company 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.

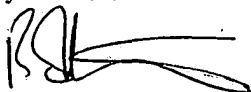
Disclosure of information to auditor

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



Beth Butterwick
Chief Executive Officer

Date: 20 July 2018

The Triangle
Stanton Harcourt Industrial Estate
Stanton Harcourt
Witney
Oxfordshire OX29 5UT

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

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
- assess the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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

Opinion

We have audited the financial statements of HS 524 Limited for the period ended 24 February 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 24 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of HS 524 Limited (continued)
Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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;

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

W. Smith

William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate, Chandler's Ford
Eastleigh SO53 3TG

Date: *23rd July 2018*

*HS 524 Limited***Profit and Loss Account and Other Comprehensive Income**
For the period ended 24 February 2018

		52 week period ended 24 February 2018	52 week period ended 26 February 2017
	Note	£m	£m
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Distribution costs		-	-
Interest receivable and similar income	5	5.3	5.0
Interest payable and similar expenses	6	(1.7)	(1.5)
Profit before taxation		3.6	3.5
Tax on profit	7	-	-
Profit after taxation for the financial period		3.6	3.5
Other comprehensive income		-	-
Total comprehensive income for the year		3.6	3.5

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

The notes on pages 11 to 15 form part of the financial statements.

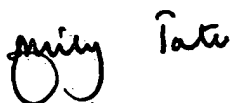
HS 524 Limited

Balance Sheet As at 24 February 2018

		24 February 2018	25 February 2017
	Note	£m	£m
Current assets			
Debtors (Includes debtors greater than one year of £110.8 million (2017: £105.5 million))	8	110.8	105.5
Creditors : amounts falling due within one year	9	(34.6)	(32.9)
Net current assets		<u>76.2</u>	<u>72.6</u>
Total assets less current liabilities		<u>76.2</u>	<u>72.6</u>
Net assets		<u>76.2</u>	<u>72.6</u>
Capital and reserves			
Called up share capital	10	-	-
Share premium account	11	56.0	56.0
Profit and loss account		11.3	7.7
Other reserves		<u>8.9</u>	<u>8.9</u>
Shareholders' funds - equity interests		<u>76.2</u>	<u>72.6</u>

The notes on pages 11 to 15 form part of the financial statements.

These financial statements were approved by the board of directors on 20 July 2018 and signed on its behalf by:



Emily Tate
Chief Financial Officer

Company registered number: 07487239

Statement of Changes in Equity
For the period ended 24 February 2018

	Called up Share Capital	Share Premium account	Other Reserves - Capital contribution	Profit and loss account	Total shareholders' equity	Total Equity
	£m	£m	£m	£m	£m	£m
Balance at 28 February 2016	-	56.0	8.9	4.2	69.1	69.1
Total comprehensive income for the period :						
Profit or loss	-	-	-	3.5	3.5	3.5
Total comprehensive income for the period	-	56.0	8.9	7.7	72.6	72.6
Balance at 25 February 2017	-	56.0	8.9	7.7	72.6	72.6
	Called up Share Capital	Share Premium account	Other Reserves - Capital contribution	Profit and loss account	Total shareholders' equity	Total equity
	£m	£m	£m	£m	£m	£m
Balance at 26 February 2017	-	56.0	8.9	7.7	72.6	72.6
Total comprehensive income for the period :						
Profit or loss	-	-	-	3.6	3.6	3.6
Total comprehensive income for the period	-	-	-	3.6	3.6	3.6
Balance at 24 February 2018	-	56.0	8.9	11.3	76.2	76.2

The notes on pages 11 to 15 form part of the financial statements.

Notes (forming part of the financial statements)

1 Accounting policies

HS 524 (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its 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, as issued in August 2014. The amendments to FRS102 issued in July 2015 have been applied.

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

1.2 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.

1.3 Compliance with accounting standards

The Company is a wholly owned subsidiary of Karen Millen Group Limited (07410883) and of its ultimate parent, Aurora Fashions Group Limited (07410878). It is included in the consolidated financial statements of Aurora Fashions Group Limited which are publicly available. 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 period, 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 1.9.

Notes (forming part of the financial statements)

1 Accounting policies (continued)

1.4 Basis of preparation - going concern

The company made a profit for the period of £3.6 million (2017: £3.5 million) and had net current assets of £76.2 million (2017: £72.6 million).

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

With effect from 2nd October 2015 the Group entered into a stand-alone Senior Facilities Agreement ("SFA") providing term debt and committed revolving credit facilities. The SFA has been provided by Aurora Fashions Finance Limited in its capacity as lender, agent and security agent for Kaupthing Bank ehf. Kaupthing Bank ehf 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.

These facilities are subject to financial covenant targets that adjust through the maturity of the loans. Each of the covenants is forecast to be satisfied - where not covered by a waiver - for the foreseeable future.

The directors have prepared projected cash flows up to the period ending February 2022 (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, where not waived, for the full term covered by the Projections. Aurora Fashions Group Limited has confirmed its intention to provide financial support, should it be required, for the foreseeable future. The directors are comfortable that this support, being for a period of not less than 12 months, would meet the requirements of the Group in addressing day to day working capital needs.

The directors of Karen Millen Holdco 1 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 to the Group are those disclosed within the strategic report. The directors consider that, in all reasonable downside scenarios, there are cost saving and cash generative measures available to the Karen Millen Group to implement which would mitigate these risks and avoid breaching the terms of any financial covenant and breaching its facilities.

For this reason they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.5 Foreign currency translation

Transactions denominated in foreign currencies are converted using an average rate representative of the exchange rate during the month. 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.

1.6 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 classified as basic financial instruments

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.

Notes (forming part of the financial statements)

1 Accounting policies (continued)

1.7 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 includes 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.

1.8 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.9 Accounting estimates and judgements

The Company has no critical accounting estimates and judgements.

Notes (continued)

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 £3,080 (2017: £3,080) specifically relating to the Company.

3. Remuneration of directors

No emoluments were paid to the directors who served during the year. These costs were borne by Karen Millen Fashions Limited, another group company. It is not possible to allocate a fair apportionment of these costs as services are provided to multiple entities.

4. Staff numbers and costs

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

5. Interest receivable and similar income

	2018 £m	2017 £m
Interest receivable on amounts owed by group undertakings	5.3	5.0

6. Interest payable and similar expenses

	2018 £m	2017 £m
Interest payable on amounts owed to group undertakings	1.7	1.5
	1.7	1.5

7. Taxation

	2018 £m	2017 £m
Tax reconciliation		
Profit on ordinary activities before tax	3.6	3.5
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017: 19.1%)	0.7	0.7
Factors affecting the taxation charge for the period:		
Group relief claimed	(0.7)	(0.7)
Total tax charge for the period	-	-

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

8. Debtors: amounts receivable in more than one year

	2018 £m	2017 £m
Amounts owed by group undertakings	110.8	105.5

Interest on outstanding inter-group debtors was charged at 5% per year (2017: 5%).

9. Creditors: amounts falling due within one year

	2018 £m	2017 £m
Amounts owed to group undertakings	(34.6)	(32.9)
	(34.6)	(32.9)

Interest on outstanding inter-group creditors was charged at 5% per year (2017: 5%).

10. Share capital

	2018 £m	2017 £m
Allotted, called up and fully paid:		
2 ordinary shares of £1.00 (2017: 2 ordinary shares of £1.00)	-	-
1 vote per share	-	-

Notes (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11. Reserves

	2018 £m	2017 £m
Share premium account		
At the start of the period	56.0	56.0
Share issues	-	-
At the end of the period	<u>56.0</u>	<u>56.0</u>

12. 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 ehf. 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 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.

13. Related parties

The Company has related party relationships with its directors and with its ultimate parent company, Kaupthing ehf. 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 owned by Kaupthing ehf. and both groups share certain directors. Kaupthing ehf's holding of shares in Karen Millen Group Limited comprises 100% of all share capital by nominal value and 100% of the voting rights across all share capital.

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.

14. Intermediate and ultimate parent company and parent undertaking of larger group

The immediate parent company is Karen Millen Group Limited. The ultimate parent company is Kaupthing ehf, a company incorporated in Iceland.

For the 52 weeks ended 24 February 2018 the largest group in which the results of the Company are consolidated is that headed by Aurora Fashions Group Limited, incorporated in the UK. The consolidated accounts of Aurora Fashions Group Limited are available from Aurora Fashions Group Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire, OX29 5HT, UK.

15. Post balance sheet events

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