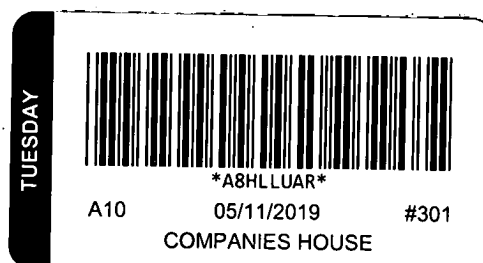


Coast Holdco 2 Limited

Annual Report and Financial Statements

For the period 25 February 2018 to 2 March 2019

Company registered number: 09787746.(England and Wales)



Coast Holdco 2 Limited

Contents

	Page
Company information	2
Strategic Report	3
Directors' Report	4
Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and financial statements	5
Independent auditor's report to the members of Coast Holdco 2 Limited	6
Profit and loss account and other comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes forming part of the financial statements	11

Coast Holdco 2 Limited

Company information

Directors	Jóhann Pétur Reyndal John Philip Madden III
Secretary	Heatons Secretaries Limited
Company number	09787746
Registered office	The Triangle Stanton Harcourt Industrial Estate Stanton Harcourt Witney Oxfordshire OX29 5UT
Auditor	Grant Thornton UK LLP The Colmore Building 20 Colmore Circus Birmingham, B4 6AT
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

Coast Holdco 2 Limited

Strategic Report

For the period 25 February 2018 to 2 March 2019

Strategy and Objectives

The principal activity of the Company is to act as an intermediate holding company in the Coast Group.

Business Model

Several of the companies within the Coast Group were placed into administration during the year. Trade and assets of the 'Coast' brand were purchased by the Karen Millen group of companies, therefore no future trade is expected within the remaining companies within the Coast group.

Future developments

As a result of the loss of the trade and assets of the Coast brand on administration, no further activity is expected in the Company.

Principal Risks and Uncertainties

Following the administration of the trading companies within the group, there is minimal risk exposure for the Company.

By Order of the Board



Johann Petur Reyndal
Director

1 Nov 2019

Coast Holdco 2 Limited

Directors' Report

For the period 25 February 2018 to 2 March 2019

The directors present their report and the audited financial statements of Coast Holdco 2 Limited ("the Company") for the period from 25 February 2018 to 2 March 2019.

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

The current period relates to the 53 week period from 25 February 2018 to 2 March 2019. The prior period covers the 52 week period from 26 February 2017 to 24 February 2018.

Results and dividends

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

The Directors do not recommend the payment of a dividend (2018: £nil).

Political contributions

The Company made no political contributions during the period (2018: £nil).

Directors

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

The changes in Directors since the start of the period are

Matthew Turner
John Philip Madden III

resigned 14 September 2018
appointed 14 September 2018

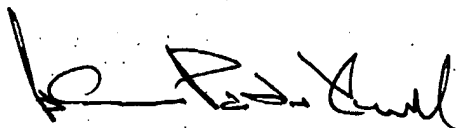
Disclosure of information to auditor

The directors confirm that, so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Following the resignation as auditor of KPMG LLP on 25 January 2019, it was agreed that Grant Thornton UK LLP would be appointed in its place in accordance with section 485 of the Companies Act 2006.

By Order of the Board



Johann Petur Reyndal
Director

1 NOV 2019

Coast Holdco 2 Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and financial statements

For the period 25 February 2018 to 2 March 2019

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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;
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Coast Holdco 2 Limited

Opinion

We have audited the financial statements of Coast Holdco 2 Limited (the 'company') for the period ended 2 March 2019 which comprise the Profit and Loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 March 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Independent auditor's report to the members of Coast Holdco 2 Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Grant Thornton UK LLP

Rebecca C Eagle
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

4 November2019

Coast Holdco 2 Limited

Profit and loss account and other comprehensive income

For the period 25 February 2018 to 2 March 2019

		25 February 2018 to 2 March 2019	26 February 2017 to 24 February 2018
	Note	Total £m	Total £m
Exceptional costs	2	-37.0	-
Loss before taxation		-37.0	-
Tax on loss	5	-	-
Loss for the financial year		-37.0	-
Other comprehensive income		-	-
Total comprehensive loss for the year		-37.0	-

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

Coast Holdco 2 Limited


Balance sheet

As at 2 March 2019

	Note	2 March 2019 £m	24 February 2018 £m
Fixed assets			
Investments	6	-	37.0
Net assets		-	37.0
Capital and reserves			
Called up share capital	7	-	-
Share premium account	8	-	37.0
Profit and loss account		-	-
Shareholder's funds		-	37.0

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

These financial statements were approved by the board of directors on 1 NOV 2019 and signed on its behalf by:



Johann Petur Reyndal
Director

Company registered number: 09787746 (England and Wales)

Coast Holdco 2 Limited

Statement of changes in equity

For the period 25 February 2018 to 2 March 2019

	Note	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance at 26 February 2017		-	37.0	-	37.0
Result for the period	8	-	-	-	-
Balance at 24 February 2018		-	37.0	-	37.0

	Note	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance at 25 February 2018		-	37.0	-	37.0
Loss for the period	8	-	-	-37.0	-37.0
Transfer of reserves to retained earnings	8	-	-37.0	37.0	-
Balance at 2 March 2019		-	-	-	-

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

Coast Holdco 2 Limited

Notes forming part of the financial statements

For the period 25 February 2018 to 2 March 2019

1. Accounting policies

Coast Holdco 2 Limited (the "Company") is a private company limited by shares which is incorporated, domiciled and registered in England and Wales. The registered number is 09787746 and the registered address is The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire, OX29 5UT, UK.

1.1 Basis of Preparation - Accounting Convention

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

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.

1.2 Compliance with accounting standards

The Company is a wholly owned subsidiary of Coast Holdco 1 Limited (09787753) 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 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.

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.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis.

Coast Holdco 2 Limited

Notes forming part of the financial statements (continued)

For the period 25 February 2018 to 2 March 2019

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"). Kaupthing ehf'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.

The Company had a loss for the year of -£37.0 million (2018: £0.0million) and had net current assets of £0.0 million (2018: £0.0million) and net assets of £0.0 million (2018: £37.0 million).

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

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.

A letter of support has been given by Kaupthing ehf to the directors of Aurora Fashions Group Limited committing to provide continuing financial support to the Aurora Group to the extent necessary.

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.

1.5 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

1.7 Investments

Investments are included at cost less impairments.

1.8 Impairments

The carrying amounts of the Company'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 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.

Where an indicator of impairment exists in respect of 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 subsidiary undertakings in the case of Investments.

Coast Holdco 2 Limited

Notes forming part of the financial statements (continued)

For the period 25 February 2018 to 2 March 2019

1. Accounting policies (continued)

1.9 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.

2. Expenses & Auditor's Remuneration

Included in the profit of the Company are the following:

Exceptional costs

Exceptional costs of £37 million in the period (2018: £nil) relates to the investment impairment of Coast Debtco Limited, a fellow group subsidiary.

Auditor's remuneration

In the current period, the remuneration payable in relation to audit services for the Company of £2,000 (2018: £2,492), was borne by and included in the fees of Oasis and Warehouse Limited, a fellow Group subsidiary.

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.

3. Staff numbers and costs

Apart from the directors, the Company had no employees during the period.

In the current and previous periods, staff providing shared administrative services to the Aurora Group as a whole were remunerated by Oasis and Warehouse Limited and Aurora Fashions Services Limited. As they receive no emoluments from the Company, their emoluments are dealt with in the financial statements of the above named companies.

4. Remuneration of directors

In the current period, the directors were remunerated by Oasis and Warehouse Limited in respect of their services to a number of Companies within the Aurora Group. This amounted to £0.0m (2018: £0.1m).

5. Taxation

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

Reconciliation of effective tax rate:	25 February 2018 to 2 March 2019 £m	26 February 2017 to 24 February 2018 £m
Loss after tax	-37.0	-
Total tax expense	-	-
Loss before tax	-37.0	-
Tax using the UK corporation tax rate of 19.00% (2018: 19.08%)	-7.0	-
Expenses not deductible for tax purposes	7.0	-
Total tax charge for the period	-	-

All movements in current tax in the period are recognised through the Profit and loss account.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Coast Holdco 2 Limited

Notes forming part of the financial statements (continued)

For the period 25 February 2018 to 2 March 2019

6. Investments

	Subsidiary undertakings £m
Cost	
Balance at 24 February 2018 and 2 March 2019	<u>37.0</u>
Impairment	
At 24 February 2018	-
Impairment charge	<u>-37.0</u>
At 2 March 2019	<u>-37.0</u>
Net Book Value	
At 2 March 2019	<u>-</u>
At 24 February 2018	<u>37.0</u>

In the current period, the Company fully impaired the investment it held in Coast Debtco Limited.

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:			
Coast Debtco Limited	UK	Holding	Ordinary - 100%
Indirectly owned:			
Aurora Fashions Services Limited	UK	Service	Ordinary - 25%

On 11 October 2018, certain group companies: CHL Realisations (formerly Coast Holdings Limited), CFL Realisations (formerly Coast Fashions Limited), CRL Realisations (formerly Coast Retail Limited) and Coast Stores Ireland Limited were placed into administration. These companies along with Coast Fashions Spain SL are no longer under the control of the Company.

The registered address of Coast Debtco Limited and Aurora Fashions Services Limited is The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire, OX29 5UT.

Coast Fashions Australia Pty Limited, a previously 100% owned subsidiary was deregistered on 27 November 2018.

7. Share capital

	2 March 2019 £m	24 February 2018 £m
Allotted, called up and fully paid:		
2 Ordinary shares of £1.00	<u>-</u>	<u>-</u>

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

Coast Holdco 2 Limited

Notes forming part of the financial statements (continued)

For the period 25 February 2018 to 2 March 2019

8. Reserves

Share premium account	2 March 2019 £m	24 February 2018 £m
At the start of the period	37.0	37.0
Transfer of reserves to retained earnings	-37.0	-
At the end of the period	-	37.0
Profit and loss account	2 March 2019 £m	24 February 2018 £m
At the start of the period	-	-
Loss for the financial period	-37.0	-
Transfer of reserves to retained earnings	37.0	-
At the end of the period	-	-

9. Guarantees and 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"). The borrowers are Oasis and Warehouse Limited, Coast Debtco Limited and Karen Millen Holdings Limited. Each banking subgroup under the obligations of their SFA has a number of trading subsidiaries party to the SFA as Guarantors, the values of which are disclosed within the respective company accounts. Under the terms of the 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 subgroup 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.

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.

10. 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 ehf.

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

The immediate parent company is Coast Holdco 1 Limited, a company incorporated in England and Wales.

The registered address of Coast Holdco 1 Limited is The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire, OX29 5UT.

The ultimate parent company and ultimate controlling party is Kaupthing ehf., a company incorporated in Iceland.

The registered address of Kaupthing ehf. is Borgartun 26, IS-105 Reykjavik, Iceland.

The largest group in which the results of the Company are consolidated is that headed by Aurora Fashions Group Limited, and the smallest is Coast Holdco 1 Limited, both incorporated in England and Wales. The consolidated financial statements of Aurora Fashions Group Limited and Coast Holdco 1 Limited are available from Aurora Fashions Group Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire, OX29 5UT, UK.

12. Post balance sheet events

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