

Registration No: NI 5449

Calvin Klein Stores UK Limited

Annual report and financial statements

For the year ended 29 January 2017

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Calvin Klein Stores UK Limited

Annual report and financial statements for the year ended 29 January 2017

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Calvin Klein Stores UK Limited

Company information

Directors

D Grieder

M Hagman

D Pyne

Company secretaries

R Assen (appointed 7 July 2015)

P Chotai (resigned 9 September 2016)

Independent auditors

PricewaterhouseCoopers LLP

Chartered accountants and statutory auditors

Central Square

29 Wellington Street

Leeds

LS1 4DL

Registered office

c/o Elliott Duffy Garrett Solicitor

Royston House

34 Upper Queen Street

Belfast

BT1 6FD

Calvin Klein Stores UK Limited

Directors' report for the year ended 29 January 2017

The directors present their Annual report and the audited financial statements of the company for the year ended 29 January 2017. The comparative year is for the year ended 31 January 2016.

Results for the year

Key financial data for the business is as follows:

	Year ended 29 January 2017 £'000	Year ended 31 January 2016 £'000
Revenue	34,665	28,228
Operating profit	723	589

The profit before tax for the financial year amounted to £693,000 (2016: £564,000) on revenue of £34,665,000 (2016: £28,228,000).

Principal risks and financial risk management are disclosed in the Strategic report on page 4.

Dividends

The directors do not recommend the payment of a dividend (2016: £Nil).

Future developments

An increase in revenue for the year has been the result of a highly successful marketing campaign of the brand and the opening of new stores along with refits of some of the existing stores. Further new stores have been identified for opening in the coming financial year. Whilst management are focussing on areas of cost reduction in the coming year, it must also be noted that there is expected to be an increase in occupancy costs due to ever increasing rent and business rates, especially in the London region.

Disabled employees

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The company systematically provides employees with information on matters of concern to them, consulting them regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its standards. The company encourages the involvement of employee's by means of seasonal retail conferences enabling employees to meet and discuss the performance of the business, present ideas for improvement and be informed with new product development.

Employees are also provided with annual 'Code of Conduct' training to raise awareness and education of the importance of preserving best practice and professional integrity within the company.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Calvin Klein Stores UK Limited

Directors' report for the year ended 29 January 2017 (continued)

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

D Grieder
M Hagman
D Pyne

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors 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.

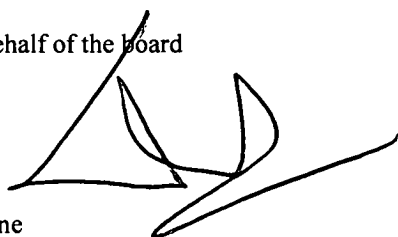
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



D Pyne
Director

10 November 2017

Calvin Klein Stores UK Limited

Strategic report for the year ended 29 January 2017

The directors present their strategic report on the company for the year ended 29 January 2017.

Review of business

The principal activity of Calvin Klein Stores UK Limited is the retailing of men's and ladies fashion garments and accessories.

The revenue and the profit of the company for the financial year are set out in the statement of comprehensive income on page 7 and the notes on pages 10 to 21. The revenue for the year was £34,665,000 (2016: £28,228,000) generating an operating profit of £723,000 (2016: £589,000).

At the end of the financial year, the company was in a net current assets position of £16,342,000 (2016: £16,001,000).

Principal risks and uncertainties

As is the case in the industry the possibility of an economic slowdown and the consequential reduction in consumption is a risk, which is addressed as far as possible by controlling the fixed cost base.

The company is guaranteed by its parent undertaking within the group, and hence liquidity, cash flow, credit and financing risks are mitigated sufficiently, together with the company's ability to manage its cash generation from its operations.

Key performance indicators

The two main key performance indicators monitored by management are revenue and operating profit.

Total revenue increased by 22.8% versus the prior year due to a strong branding campaign and a number of new and refitted stores.

The operating profit increased by 18.2% as a result of the increase in top line revenue (as above).

People

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status.

On behalf of the board



D Pyne

Director

10 November 2017

Independent auditors' report to the members of Calvin Klein Stores UK Limited

Report on the financial statements

Our opinion

In our opinion, Calvin Klein Stores UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 29 January 2017 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 29 January 2017;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended;
- the Accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Calvin Klein Stores UK Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
10 November 2017

Calvin Klein Stores UK Limited

Statement of comprehensive income for the year ended 29 January 2017

	Note	Year ended 29 January 2017 £'000	Year ended 31 January 2016 £'000
Revenue	2	34,665	28,228
Cost of sales		(18,049)	(14,323)
Gross profit		16,616	13,905
Administrative expenses		(15,893)	(13,316)
Operating profit	4	723	589
Finance income		-	-
Finance costs	5	(30)	(25)
Finance costs - net		(30)	(25)
Profit on ordinary activities before taxation		693	564
Tax on profit on ordinary activities	6	(141)	919
Profit for the financial year		552	1,483
Other comprehensive income		-	-
Total comprehensive income for the year		552	1,483

All operating results arise from continuing operations.

Calvin Klein Stores UK Limited

Statement of financial position as at 29 January 2017

	Note	29 January 2017 £'000	31 January 2016 £'000
Fixed assets			
Property, plant and equipment	7	3,593	2,991
Deferred tax assets	8	987	1,128
		4,580	4,119
Current assets			
Inventories	10	5,143	5,354
Trade and other receivables			
- Amounts falling due within one year	11	12,020	10,913
- Amounts falling due after one year	11	605	460
Cash and cash equivalents		464	441
		18,232	17,168
Trade and other payables - amounts falling due within one year	12	(1,890)	(1,167)
Net current assets		16,342	16,001
Total assets less current liabilities		20,922	20,120
Trade and other payables - amounts falling due after more than one year	12	(1,024)	(774)
Provision for liabilities	15	-	-
Net assets		19,898	19,346
Equity			
Called up share capital	13	5,530	5,530
Share premium account		20,582	20,582
Capital contribution		12,316	12,316
Accumulated losses		(18,530)	(19,082)
Total shareholders' funds		19,898	19,346

The notes on pages 10 to 21 are an integral part of these financial statements.

These financial statements on pages 7 to 21 were approved by the Board of Directors and authorised for issue on 10 November 2017 and signed on its behalf by:

D Pyne
Director
10 November 2017

Registered Number NI 5449

Calvin Klein Stores UK Limited

Statement of changes in equity for the year ended 29 January 2017

	Called up share capital	Share premium account	Capital contribution ¹	Accumulated losses ²	Total Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 February 2015	5,530	20,582	12,316	(20,565)	17,863
Profit for the financial year	-	-	-	1,483	1,483
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,483	1,483
Balance as at 31 January 2016	5,530	20,582	12,316	(19,082)	19,346
Balance as at 1 February 2016	5,530	20,582	12,316	(19,082)	19,346
Profit for the financial year	-	-	-	552	552
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	552	552
Balance as at 29 January 2017	5,530	20,582	12,316	(18,530)	19,898

¹ The capital contribution reserve arose on an injection of capital by the immediate parent company, for which no shares were issued.

² Accumulated losses represents accumulated comprehensive income for the year and prior periods, less dividends paid.

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company is a private limited company, incorporated and domiciled in the United Kingdom.

The registered address of the office is c/o Elliott Duffy Garrett Solicitor, Royston House, 34 Upper Queen Street, Belfast, BT1 6FD.

Basis of preparation

The financial statements of Calvin Klein Stores UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:

- (i) paragraph 79(a)(iv) of IAS 1; and

- (ii) paragraph 73(e) of IAS 16 Property, plant and equipment.

- The following paragraphs of IAS 1, 'Presentation of financial statements':

- 10(d), (statement of cash flows);

- 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);

- 16 (statement of compliance with all IFRS);

- 38A (requirement for minimum of two primary statements, including cash flow statements);

- 38B-D (additional comparative information);

- 40A-D (requirements for a third statement of financial position;

- 111 (cash flow statement information); and

- 134-136 (capital management disclosures)

- IAS 7, 'Statement of cash flows'

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

1. Accounting policies (continued)

Related party transactions

As a subsidiary undertaking of Calvin Klein Europe BV, the company has taken advantage of the exemption under FRS 101 not to disclose transactions with other wholly owned members of the group headed by Calvin Klein Europe BV.

Critical accounting estimates and judgments

Estimates and judgments 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.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment, and below policy for the useful economic lives for each class of assets.

(b) Inventory provisioning

The company retails clothes and underwear and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of the finished goods. See note 10 for the net carrying amount of the inventory and associated provision.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves. Excess cash reserves at any point in time are repatriated to the company's immediate parent. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current and projected future cash reserves. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Changes in accounting policy and disclosures

The comparative year was the first year that the company has adopted FRS 101 for the preparation of its financial statements. The adoption did not have a material impact on the company or its financial statements.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

1. Accounting policies (continued)

Foreign currency translation (continued)

resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company operates full price, retail outlets and concessions in the UK for selling clothing and underwear. Sales of goods are recognised when the company sells a product to the customer. Retail sales are usually in cash or by credit card. It is the company's policy to sell its products to the retail customer with a right to return within 28 days. Accumulated experience is used to estimate and provide for such returns at the time of sale. The company does not operate any loyalty programs.

Management has determined there to be one operating segment based on information reviewed by directors and the senior management team in both the UK and the immediate parent company, Calvin Klein Europe BV in Amsterdam, for the purposes of allocating resources and assessing performance.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at historic cost less accumulated depreciation. Historic cost includes the original purchase price of the assets and the cost attributable to bringing the assets to their working condition for their intended use.

Depreciation is calculated to write off the cost of property plant and equipment by annual instalments over their estimated economic lives at the following rates:

Leasehold improvements	6 - 33% per annum straight line
Equipment, fixtures and fittings	6 - 33% per annum straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the statement of comprehensive income.

Inventory

Inventory is valued at the lower of cost and net realisable value. A provision has also been made for slow moving inventory as in the prior year.

Deferred lease incentive

Deferred lease incentive relates to capital contributions recorded from landlords. The contributions are being released over the duration of the applicable lease period.

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

1. Accounting policies (continued)

Pensions

The company operates a defined contribution scheme; the pension costs charged in the financial statements represent the contribution payable by the company during the year.

The company's former employees are members of the Warners (UK) Limited defined benefit pension scheme.

The pension liability recognised in the Statement of financial position in respect of the scheme is the present value of the defined benefit obligation at the Statement of financial position date less the fair value of the scheme assets. The company has not complied in full with the disclosure requirements of FRS 17 on the grounds of materiality.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of financial position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Operating leases

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. The benefits arising from rent free periods are spread across the term of the lease.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised at cost less provision for impairment.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised at cost.

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

2. Revenue

Revenue represents the amounts derived from the provision of goods and services during the year which falls within the company's principal activities after deduction of trade discounts and value added tax.

Revenue is recognised upon receipt of goods and services by the customer.

	Year ended 29 January 2017 £'000	Year ended 31 January 2016 £'000
Retailing	34,665	28,228
	34,665	28,228

The company's activities and generation of revenue consist solely of the retail of clothing and accessories in the United Kingdom.

3. Information regarding directors and employees

Employees

The average monthly number of persons employed by the company during the year was:

	Year ended 29 January 2017 Number	Year ended 31 January 2016 Number
By activity		
Sales	371	294
	371	294

Highest paid director

The directors are directors of other group companies and have their remuneration paid and disclosed in those companies. It is not practicable to allocate their remuneration between services to Calvin Klein Stores UK Limited and other group companies during the year.

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

4. Operating profit

Operating profit is stated after charging:

	Year ended 29 January 2017 £'000	Year ended 31 January 2016 £'000
Operating profit is stated after charging:		
Wages and salaries	4,032	3,504
Social security costs	175	174
Other pension costs	36	31
Staff costs	4,243	3,709
Depreciation of property plant and equipment	863	738
Loss on disposal of property plant and equipment (note 7)	-	9
Impairment of assets	299	-
Operating lease charges	4,535	3,902
Foreign exchange loss/(gain)	9	(45)
Services provided by the company's auditors		
Fees payable for the audit*	-	-

*Audit fees for the company of £30,000 in the current year (2016: £30,000) have been borne by PVH UK Limited, a related entity.

For the year ended 29 January 2017, operating expenses include £1,542,000 in management fees (2016: £1,455,000).

5. Finance costs

	Year ended 29 January 2017 £'000	Year ended 31 January 2016 £'000
Finance costs	30	25
	30	25

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

6. Tax on profit on ordinary activities

Tax charge included in profit or loss	Year ended 29 January 2017	Year ended 31 January 2016
	£'000	£'000
Current tax:		
UK Corporation tax on profits for the year	-	-
Adjustments in respect of prior years	-	1
Total current tax	-	1
Deferred tax:		
Origination and reversal of timing differences	191	(1,054)
Adjustments in respect of prior years	(89)	-
Effect of changes in tax rates	39	134
Total deferred tax	141	(920)
Tax on profit on ordinary activities	141	(919)

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

6. Tax on profit on ordinary activities (continued)

The tax expense for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for the year ended 29 January 2017 of 20% (2016: 20.16%). The differences are explained below:

	Year ended 29 January 2017	Year ended 31 January 2016
	£'000	£'000
Profit on ordinary activities before taxation	693	564
Profit on ordinary activities multiplied by standard rate of tax in the UK of 20% (2016: 20.16%)	139	114
Effects of:		
Adjustments in respect of prior years	(89)	1
Expenses not deductible for tax purposes	96	16
Income not subject to tax	(44)	(27)
Tax rate changes	39	134
Amounts not previously recognised in relation to capital allowances and tax losses	-	(1,157)
Tax charge/(credit) for the year	141	(919)

The corporation tax rate was reduced from 21% to 20% from 1 April 2015, therefore the rate of 20% applies during the year ended 29 January 2017 (2016: 20.16%).

In the UK Budget on 8 July 2015, the UK Government proposed to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017, and to 18% with effect from 1 April 2020. Additionally in the Budget on 16 March 2016 a further rate reduction to 17% was proposed from 1 April 2020, instead of the reduction to 18% as originally planned. The rate reduction to 17% was enacted during the period and has therefore been taken into account in the calculation of the UK related deferred tax balances. These reductions in the corporation tax rate were enacted in the Finance (No2) Act 2016.

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Notes to the financial statements for the year ended 29 January 2017 (continued)

7. Property, plant and equipment

	Leasehold improvements £'000	Equipment, fixtures and fittings £'000	Total £'000
At 31 January 2016:			
Cost	4,156	2,780	6,936
Accumulated depreciation	(2,520)	(1,425)	(3,945)
Net book amount	1,636	1,355	2,991
Year ended 29 January 2017			
Additions	900	863	1,764
Disposals	-	-	-
Depreciation	(391)	(472)	(863)
Impairment	(262)	(37)	(299)
Closing net book amount	1,883	1,709	3,593
At 29 January 2017			
Cost	5,056	3,643	8,700
Accumulated depreciation	(3,173)	(1,934)	(5,107)
Net book amount	1,883	1,709	3,593

8. Deferred tax assets

	Property, plant and Equipment items £'000	Temporary difference trading £'000	Tax losses £'000	Total £'000
Year ended 31 January 2016				
At 2 February 2015	-	-	208	208
Credit to the income statement	653	-	267	920
At 31 January 2016	653	-	475	1,128
Year ended 29 January 2017				
At 1 February 2016	653	-	475	1,128
Prior Year adjustment	89	-	-	89
Credit to the income statement	97	1	(328)	(230)
At 29 January 2017	839	1	147	987

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Notes to the financial statements for the year ended 29 January 2017 (continued)

8. Deferred tax assets (continued)

	29 January 2017 £'000	31 January 2016 £'000
Unrecognised deferred tax:		
Unused tax losses	-	-
Property, plant and equipment items	-	-
Capital losses	29	30
	29	30

9. Investments

At 29 January 2017 and 31 January 2016, the company had the following subsidiary:

Name of company	Country of operation and where outside NI, the country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Mullion International Limited	British Virgin Islands	Ordinary shares	100%	Non trading

10. Inventories

	29 January 2017 £'000	31 January 2016 £'000
Finished goods and goods for resale	5,143	5,354

There is no material difference between the Statement of financial position value of stocks and their replacement cost.

Inventories are stated after provisions for impairment of £587,000 (2016: £621,000).

Inventories recognised as an expense during the year totaled £16,600,000 (2016: £14,64,000).

The amount recognised as an expense in relation to the write down of inventories during the year was £368,000 (2016: £194,000)

11. Trade and other receivables

	29 January 2017 £'000	31 January 2016 £'000
Amounts falling due within one year		
Trade receivables	945	598
Amounts owed by group undertakings	9,709	9,533
Other receivables	333	29
Prepayments	1,033	753
	12,020	10,913

Trade receivables are stated after provision for impairment of £98,000 (2016: £72,000).

There are no receivables past due date and not impaired (2016: nil) and all trade receivables are due within 30 days from the Statement of financial position date (2016: 30 days).

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

11. Trade and other receivables (continued)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

	29 January 2017 £'000	31 January 2016 £'000
Amounts falling due after more than one year		
Prepayments	43	57
Other accounts receivable	562	403
	605	460

12. Trade and other payables

	29 January 2017 £'000	31 January 2016 £'000
Amounts falling due within one year		
Trade accounts payable	288	126
Amounts owed to group undertakings	-	-
Corporation tax payable	4	-
Taxation and social security	239	349
Accruals and deferred income	1,359	692
	1,890	1,167

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

	29 January 2017 £'000	31 January 2016 £'000
Amounts falling due after more than one year		
Accruals and deferred income	1,024	774
	1,024	774

13. Called up share capital

Ordinary shares of £1.00 each	29 January 2017 £'000	31 January 2016 £'000
Allotted and fully paid		
5,530,000 (2016: 5,530,000) ordinary shares of £1 each	5,530	5,530

There are no shares issued but not fully paid (2016: nil). There are no specific rights, preferences or restrictions on the shares.

Calvin Klein Stores UK Limited

Notes to the financial statements for the year ended 29 January 2017 (continued)

14. Capital and other commitments

At 29 January 2017, the company had no capital commitments (2016: nil).

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	29 January 2017	31 January 2016
	Land and buildings	Land and buildings
	£'000	£'000
No later than one year	4,919	4,225
Later than one year and not later than five years	10,763	9,878
Later than five years	6,489	1,080
	22,171	15,183

In addition to the commitments on our occupied stores in the table above, there is one property was sub-let during the year. At the Statement of financial position date the net commitment on this property is £17,000 no later than one year (2016: £17,000), £36,000 later than one year and not later than five years (2016: £53,000), and £nil later than five years (2016: £nil). These figures are the net commitments for the company, after deducting the income from the sub lease.

15. Provisions for liabilities

A number of the company's former employees are members of the Warners (UK) Limited Pension Scheme. The Scheme is a defined benefit plan providing benefits that are linked to salary near retirement or earlier date of leaving service. The Scheme was closed to new entrants and to future accrual of benefits as at 31 December 2010. An actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 31 January 2017 for the purposes of IAS 19R.

Contributions to the defined benefit pension scheme are made to a pension trust whose assets are held in a separate trustee administered fund. The contributions to the scheme are determined by a qualified actuary using the projected unit method.

The pension charge in the year in respect of defined contribution pension scheme was £36,000 (2016: £26,000).

The scheme does not invest in the sponsor's own financial instruments, including property or other assets owned by the sponsor.

The company has not complied in full with the disclosure requirements of IAS 19R on the grounds of materiality.

16. Controlling parties

Calvin Klein Europe BV, a company incorporated in The Netherlands, is the immediate parent undertaking of the company. Calvin Klein Europe BV is registered at Stadhouderskade 6, 1054 ES, Amsterdam, The Netherlands.

The directors regard Phillips-Van Heusen Corporation, a company incorporated in the United States of America, as the ultimate parent undertaking and the ultimate controlling party.

Phillips-Van Heusen Corporation, is the parent undertaking of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 200 Madison Avenue, New York, NY 10016-3903, USA.