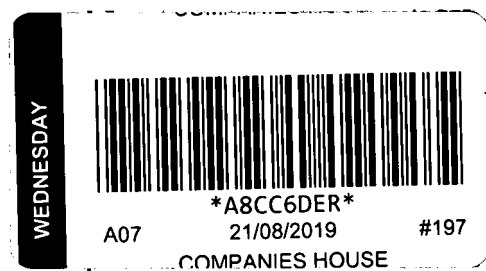


**Registration No: NI 005449**

# Calvin Klein Stores UK Limited

## **Annual report and financial statements**

For the year ended 3 February 2019



# **Calvin Klein Stores UK Limited**

## **Annual report and financial statements for the year ended 3 February 2019**

<b>Contents</b>	<b>Page</b>
Company information	1
Directors' report for the year ended 3 February 2019	2
Strategic report for the year ended 3 February 2019	4
Independent auditors' report to the members of Calvin Klein Stores UK Limited	5
Statement of comprehensive income for the year ended 3 February 2019	8
Statement of financial position as at 3 February 2019	9
Statement of changes in equity for the year ended 3 February 2019	10
Notes to the financial statements for the year ended 3 February 2019	11

# **Calvin Klein Stores UK Limited**

## **Company information**

### **Directors**

D Grieder

D Pyne

J J Busscher (appointed 1 May 2019)

M Hagman (resigned 1 May 2019)

### **Company secretary**

T Sarucan

### **Independent auditors**

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

United Kingdom

### **Registered office**

C/O Elliott Duffy Garrett Solicitor

40 Linenhall Street

Belfast

BT2 8BA

Northern Ireland

# Calvin Klein Stores UK Limited

## Directors' report for the year ended 3 February 2019

The directors present their Annual report and the audited financial statements of the company for the year (52 weeks) ended 3 February 2019. The comparative year is for the year (53 weeks) ended 4 February 2018.

### Results for the year

Key financial data for the business is as follows:

	Year ended 3 February 2019 £'000	Year ended 4 February 2018 £'000
Revenue	46,753	40,577
Operating profit	1,214	1,055

The profit before taxation amounted to £1,342,000 (2018: £5,542,000) on revenue of £46,753,000 (2018: £40,577,000). The fall in profit before taxation is primarily due to a dividend receipt in the prior year of £4,527,000

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

### Future developments

An increase in revenue for the year has been the result of new stores along with refits of some of the existing stores. Further store refits and up-sizes within the current portfolio are planned for the coming year. Whilst management continue to focus 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.

### 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 of new product development.

Employees are also provided with annual 'Code of Conduct' training to raise the 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 3 February 2019 (continued)

### Directors

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

D Grieder

D Pyne

J J Busscher (appointed 1 May 2019)

M Hagman (resigned 1 May 2019)

### Statement of directors' responsibilities in respect of the financial statements

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 52 week period. 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 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 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.

### Directors' confirmations

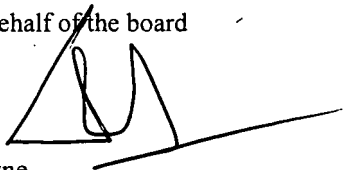
In the case of each director in office at the date the Directors' Report is approved:

- 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

13 August 2019

# Calvin Klein Stores UK Limited

## Strategic report for the year ended 3 February 2019

The directors present their strategic report on the company for the year ended 3 February 2019.

### Review of the business

The principal activity of Calvin Klein Stores UK Limited is the retailing of men's and ladies underwear, 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 8 and the notes on pages 11 to 21. The revenue for the year was £46,753,000 (2018: £40,577,000) generating an operating profit of £1,214,000 (2018: £1,055,000). During the year, the company provided for all trade receivables owing from House of Fraser at the time they entered into administration on 9th August 2018. This amounted to £126,000. Despite this, the company has continued to maintain growth whilst operating in an extremely competitive environment under difficult economic conditions. The directors anticipate that these trading conditions will continue into the next year.

At the end of the financial year, the company was in a net current assets position of £16,410,000 (2018: £21,224,000).

### Dividends

On 6 March 2018, the company distributed a dividend in specie of £5,083,000 (£0.92 per share) to the immediate parent company, Calvin Klein Stores BV, in return for inter-company receivable balances. The directors do not recommend the payment of any further dividend (2018: £Nil)

### Principal risks and uncertainties and risk management

As is the case in the industry the risk 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 and constant monitoring of external macro-economic indicators and industry data. The company is also exposed to rising costs of real estate and business rates on the UK high street. This is mitigated through extensive market benchmarking and investment appraisal before any new lease is entered into. Furthermore, the company lease costs are either linked to percentage of revenue or, where not, are fixed for a number of years with break clauses included.

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 15% versus the prior year due to further increased brand popularity and a number of new and refitted stores.

The operating profit increased by 15% as a result of the increase in top line revenue, as per above, and a managed increase in the cost base.

### 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**

13 August 2019

# Calvin Klein Stores UK Limited

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

### Report on the financial statements

---

#### Opinion

In our opinion, Calvin Klein UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 3 February 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 3 February 2019; the statement of comprehensive income, the statement of comprehensive income, the statement of changes in equity for the year ended 3 February 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements..

---

#### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

---

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# Calvin Klein Stores UK Limited

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 3 February 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report

---

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report

### *Use of this report*

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.



## Other required reporting


---

### Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



Arif Ahmad (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
13 August 2019

# Calvin Klein Stores UK Limited

## Statement of comprehensive income for the year ended 3 February 2019

	Note	Year ended 3 February 2019 £'000	Year ended 4 February 2018 £'000
Revenue	2	46,753	40,577
Cost of sales		(22,432)	(19,816)
<b>Gross profit</b>		<b>24,321</b>	<b>20,761</b>
Administrative expenses		(23,107)	(19,706)
<b>Operating profit</b>	4	<b>1,214</b>	<b>1,055</b>
Finance income	5	172	-
Finance costs	5	(45)	(40)
Finance income/(costs) - net		127	(40)
Income from shares in group undertakings	6	-	4,527
<b>Profit before taxation</b>		<b>1,342</b>	<b>5,542</b>
Tax on profit	7	(346)	(289)
<b>Profit for the financial year</b>		<b>995</b>	<b>5,253</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>995</b>	<b>5,253</b>

All operating results arise from continuing operations.

# Calvin Klein Stores UK Limited

## Statement of financial position as at 3 February 2019

	Note	As at 3 February 2019 £'000	As at 4 February 2018 £'000
<b>Fixed assets</b>			
Property, plant and equipment	8	6,465	4,666
Deferred tax assets	9	497	698
		<b>6,962</b>	<b>5,364</b>
<b>Current assets</b>			
Inventories	11	8,744	5,912
Trade (and other) receivables			
- Amounts falling due within one year	12	7,505	15,113
- Amounts falling due after one more that year	12	1,340	779
Cash and cash equivalents		1,522	920
		<b>19,111</b>	<b>22,724</b>
<b>Trade (and other) payables - amounts falling due within one year</b>	13	<b>(2,701)</b>	<b>(1,500)</b>
<b>Net current assets</b>		<b>16,410</b>	<b>21,224</b>
<b>Total assets less current liabilities</b>		<b>23,372</b>	<b>26,588</b>
Trade (and other) payables - amounts falling due after more than one year	13	(2,309)	(1,437)
<b>Net assets</b>		<b>21,063</b>	<b>25,151</b>
<b>Equity</b>			
Called up share capital	15	5,530	5,530
Share premium account		-	20,582
Capital contribution		12,316	12,316
Retained earnings/(Accumulated losses)		3,217	(13,277)
<b>Total shareholders' funds</b>		<b>21,063</b>	<b>25,151</b>

The notes on pages 11 to 21 are an integral part of these financial statements.

These financial statements on pages 8 to 21 were approved by the Board of Directors and authorised for issue on 13 August 2019 and signed on its behalf by:

  
D Pyne  
Director  
13 August 2019

Registered Number NI 005449

# Calvin Klein Stores UK Limited

## Statement of changes in equity for the year ended 3 February 2019

	Called up share capital	Share premium account	Capital contribution <sup>1</sup>	(Accumulated losses)/ retained earnings <sup>2</sup>	Total Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 February 2017	5,530	20,582	12,316	(18,530)	19,898
Profit for the financial year	-	-	-	5,253	5,253
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,253	5,253
<b>Balance as at 4 February 2018</b>	<b>5,530</b>	<b>20,582</b>	<b>12,316</b>	<b>(13,277)</b>	<b>25,151</b>
Balance as at 5 February 2018	5,530	20,582	12,316	(13,277)	25,151
Profit for the financial year	-	-	-	995	995
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	995	995
Capital reduction	-	(20,582)	-	20,582	-
Dividend distribution	-	-	-	(5,083)	(5,083)
<b>Balance as at 3 February 2019</b>	<b>5,530</b>	<b>-</b>	<b>12,316</b>	<b>3,217</b>	<b>21,063</b>

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

<sup>2</sup> (Accumulated losses)/retained earnings represents accumulated comprehensive income for the year and losses for prior periods, less dividends paid.

<sup>3</sup> The company performed a capital reduction whereby the Share Premium account of £20,582,000 was reduced to £nil and Retained Earnings were increased by £20,582,000. Furthermore, dividend in specie was distributed to immediate parent company, Calvin Klein Stores BV, in return for inter-company loan receivable balances totalling £5,083,043.

# Calvin Klein Stores UK Limited

## Notes to the financial statements for the year ended 3 February 2019

### 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 40 Linenhall Street c/o Elliott Duffy Garrett Solicitor, Belfast, BT2 8BA.

#### 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.

Transition to IFRS 9 and IFRS 15 have not had any material impact on the company's financial position

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);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 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.
- IFRS 7, 'Financial Instruments: Disclosures'.

# Calvin Klein Stores UK Limited

## Notes to the financial statements for the year ended 3 February 2019 (continued)

### 1. Accounting policies (continued)

#### 52 / 53 week financial period

The company generally operates on a 52 week financial period, with a 53 week financial period every five years. Sales, gross margin, occupancy, payroll and general administrative expenses are recognized over the 52 or 53 week period. However, depreciation is recognised on a 12 month period.

#### 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. There were no other related party transactions.

#### 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. In the year ended 3 February 2019 management have revised the provision calculations to consider historic trends. The current provision is calculated to reflect an average of the actual provision usage of the previous 3 years. See note 11 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.

#### 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 3 February 2019 (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.

#### Interest Income

Interest income earned on the temporary investment of excess cash funds is recognised as it is earned.

# **Calvin Klein Stores UK Limited**

## **Notes to the financial statements for the year ended 3 February 2019 (continued)**

### **1. Accounting policies (continued)**

#### **Pensions**

The company operates a defined contribution scheme; the pension costs charged in the administrative expenses line, in 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 3 February 2019 (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.

	<b>Year ended 3 February 2019 £'000</b>	<b>Year ended 4 February 2018 £'000</b>
Retailing	<b>46,753</b>	<b>40,577</b>

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 (including executive directors) employed by the company during the year was:

	<b>Year ended 3 February 2019 Number</b>	<b>Year ended 4 February 2018 Number</b>
<b>By activity</b>		
Sales	<b>535</b>	<b>446</b>

#### 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 3 February 2019 (continued)

### 4. Operating profit

Operating profit is stated after charging:

	Year ended 3 February 2019 £'000	Year ended 4 February 2018 £'000
<b>Operating profit is stated after charging:</b>		
Wages and salaries	5,600	4,695
Social security costs	248	223
Other pension costs	67	41
<b>Staff costs</b>	<b>5,915</b>	<b>4,959</b>
Depreciation of property plant and equipment (note 8)	1,330	1,022
Loss on disposal of property plant and equipment (note 8)	5	8
Operating lease charges	6,280	5,545
Foreign exchange loss	31	2
<b>Services provided by the company's auditors</b>		
Fees payable for the audit*	-	-

\*Audit fees for the company of £35,000 in the current year (2018: £32,000) have been borne by PVH (UK) Limited, a related entity.

For the year ended 3 February 2019, operating expenses include £2,091,000 in management fees (2018: £1,850,000).

### 5. Finance income/(costs)

	Year ended 3 February 2019 £'000	Year ended 4 February 2018 £'000
Finance income	172	-
Finance costs	(45)	(40)
<b>Net finance income/(costs)</b>	<b>127</b>	<b>(40)</b>

### 6. Income from shares in group undertakings

On 6 March 2018, the company distributed a dividend in specie of £5,083,000 (£0.92 per share) to the immediate parent company, Calvin Klein Stores BV, in return for inter-company receivable balances. The directors do not recommend the payment of any further dividend (2018: £Nil).

# Calvin Klein Stores UK Limited

## Notes to the financial statements for the year ended 3 February 2019 (continued)

### 7. Tax on profit

Tax charge included in profit or loss	Year ended 3 February 2019 £'000	Year ended 4 February 2018 £'000
Current tax:		
UK Corporation tax on profits for the year	145	-
Total current tax	145	-
Deferred tax:		
Origination and reversal of timing differences	219	282
Adjustments in respect of prior years	5	39
Effect of changes in tax rates	(23)	(32)
Total deferred tax	201	289
<b>Tax on profit</b>	<b>346</b>	<b>289</b>

The tax charge for the year is the higher (2018: lower) than the standard rate of corporation tax in the UK for the year ended 3 February 2019 of 19% (2018: 19.16%). The differences are explained below:

	Year ended 3 February 2019 £'000	Year ended 4 February 2018 £'000
<b>Profit before taxation</b>	<b>1,342</b>	<b>5,542</b>
Profit before taxation multiplied by standard rate of tax in the UK of 19% (2018: 19.16%)	255	1,062
Effects of:		
Adjustments in respect of prior years	5	39
Expenses not deductible for tax purposes	149	120
Income not subject to tax	(40)	(33)
Tax rate changes	(23)	(32)
Exempt dividends	-	(867)
<b>Tax (credit)/charge for the year</b>	<b>346</b>	<b>289</b>

The corporation tax rate was reduced from 20% to 19% from 1 April 2017, therefore the rate of 19% applies during the year ended 3 February 2019 (2018: hybrid rate of 19.16%).

In the UK Budget on 8 July 2015, the UK Government proposed to reduce the main rate of UK corporation tax 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 on 6 September 2016 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.

# Calvin Klein Stores UK Limited

## Notes to the financial statements for the year ended 3 February 2019 (continued)

### 8. Property, plant and equipment

	Leasehold improvements £'000	Equipment, fixtures and fittings £'000	Assets under construction £'000	Total £'000
<b>At 4 February 2018:</b>				
Cost	6,085	4,366	-	10,451
Accumulated depreciation	(3,323)	(2,462)	-	(5,785)
Net book amount	2,762	1,904	-	4,666
<b>Year ended 3 February 2019</b>				
Additions	1,375	1,045	714	3,134
Depreciation charge for the year	(565)	(765)	-	(1,330)
Transfers	248	100	(348)	-
Retirement	(1)	(4)	-	(5)
<b>Closing net book amount</b>	<b>3,819</b>	<b>2,280</b>	<b>366</b>	<b>6,465</b>
<b>At 3 February 2019</b>				
Cost	7,707	5,507	366	13,580
Accumulated depreciation	(3,888)	(3,227)	-	(7,115)
Net book amount	3,818	2,280	366	6,465

### 9. Deferred tax assets

	Property, plant and Equipment items £'000	Temporary difference trading £'000	Tax losses £'000	Total £'000
<b>Recognised Deferred Taxes:</b>				
<b>Year ended 4 February 2018</b>				
At 30 January 2017	839	1	147	987
Prior Year adjustment	(188)	-	148	(40)
Charge to the income statement	(77)	-	(172)	(249)
<b>At 4 February 2018</b>	<b>574</b>	<b>1</b>	<b>123</b>	<b>698</b>
<b>Year ended 3 February 2019</b>				
At 5 February 2018	574	1	123	698
Prior Year adjustment	(9)	1	3	(5)
Charge to the income statement	(69)	(1)	(126)	(196)
<b>At 3 February 2019</b>	<b>496</b>	<b>1</b>	<b>-</b>	<b>497</b>
<b>Unrecognised deferred tax:</b>		<b>3 February 2019 £'000</b>	<b>4 February 2018 £'000</b>	
Capital losses		29	29	

The extent of recognition of the deferred tax asset reflects the Company's current view of the asset's recoverability. There are no amounts in the relations to deferred tax which have not been recognized in the financial statements (2018: none).

# Calvin Klein Stores UK Limited

## Notes to the financial statements for the year ended 3 February 2019 (continued)

### 10. Investments

During the year ended 4 February 2018, 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

However, on 31 January 2018 Mullion International Limited was liquidated. Prior to the liquidation, Mullion International Limited paid a distribution in specie in return for intercompany loan balances held by Mullion International Limited that were assigned to Calvin Klein Stores UK Limited on 21 December 2017, totalling £5,083,043.

### 11. Inventories

	3 February 2019 £'000	4 February 2018 £'000
Finished goods and goods for resale	8,744	5,912

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 £365,000 (2018: £670,000).

Inventories recognised as an expense during the year totalled £22,573,000 (2018: £19,398,000).

The amount recognised in relation to the write back of inventories during the year was a gain of £141,000 (2018: expense of £418,000).

### 12. Trade and other receivables

	3 February 2019 £'000	4 February 2018 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	894	817
Amounts owed by group undertakings	5,120	13,050
Other receivables	106	153
Prepayments	1,385	1,093
	<b>7,505</b>	<b>15,113</b>

There are no receivables past due date and not impaired (2018: nil) and all trade receivables are due within 30 days from the Statement of financial position date (2018: 30 days).

Debt to the value of £126,000 has been provided for at 3 February 2019 (4 February 2018: nil) for the amounts owing by House of Fraser at the time they entered into administration. The recoverable value of this debt is expected to be £nil.

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

# Calvin Klein Stores UK Limited

## Notes to the financial statements for the year ended 3 February 2019 (continued)

### 12. Trade and other receivables (continued)

	3 February 2019 £'000	4 February 2018 £'000
<b>Amounts falling due after more than one year</b>		
Prepayments	-	43
Other accounts receivable	1,340	736
	<b>1,340</b>	<b>779</b>

### 13. Trade and other payables

	3 February 2019 £'000	4 February 2018 £'000
<b>Amounts falling due within one year</b>		
Trade accounts payable	729	475
Corporation tax payable	146	-
Taxation and social security	521	171
Accruals and deferred income	1,305	854
	<b>2,701</b>	<b>1,500</b>

	3 February 2019 £'000	4 February 2018 £'000
<b>Amounts falling due after more than one year</b>		
Accruals and deferred income	2,309	1,437
	<b>2,309</b>	<b>1,437</b>

### 14. Pension commitments

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. No additional contributions to the defined benefit pension scheme made during the year.

The pension charge in the year in respect of defined contribution pension scheme was £67,000 (2018: £41,000).

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.

# Calvin Klein Stores UK Limited

## Notes to the financial statements for the year ended 3 February 2019 (continued)

### 15. Called up share capital

Ordinary shares of £1.00 each	3 February 2019 £'000	4 February 2018 £'000
<b>Allotted and fully paid</b>		
5,530,000 (2018: 5,530,000) ordinary shares of £1 each	5,530	5,530

There are no shares issued but not fully paid (2018: nil). There are no specific rights, preferences or restrictions on the shares.

### 16. Capital and other commitments

At 3 February 2019, the company had no capital commitments (2018: nil).

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

	3 February 2019 Land and buildings £'000	4 February 2018 Land and buildings £'000
No later than one year	7,067	5,741
Later than one year and not later than five years	20,195	17,027
Later than five years	13,993	8,540
	<b>41,255</b>	<b>31,308</b>

### 17. Controlling parties

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.

Calvin Klein Stores BV, a company incorporated in The Netherlands, is the immediate parent undertaking of the company. Copies of the financial statements are available from Danzigerkade 165, 6<sup>th</sup> Floor, Amsterdam, The Netherlands.

Phillips-Van Heusen Corporation, a company incorporated in the United States of America, is the parent undertaking of the smallest and largest 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.