H & M Hennes & Mauritz UK Limited

Report and Financial Statements

30 November 2017

to the members of H & M Hennes & Mauritz UK Limited

Company Information

Registered No. 1413450

Directors

K J E G Persson
J P Tervonen
C Duarte

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Barclays Bank
1 Churchill Place
London E14 5HP

Registered Office

1st Floor
25 Argyll Street
London W1F 7TS
United Kingdom

Strategic report

Principal activity and review of the business

The company's principal activity during the year continued to be the retailing of fashion clothing. The directors believe the business performed well considering the challenging retail environment in 2017. The directors are pleased to report that turnover attributable to sales from stores increased during the year by 2.1%. The profit for the year after taxation amounted to £29,161,726 (2016 – profit of £35,839,142).

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the company's future operating profits or financial position. Management and the board regularly review risks facing the company:

- Regulatory decisions and changes in the regulatory environment could adversely affect the business.
- Continuing rapid changes in fashion with an increase in competition and hence a requirement for substantial additional investments.

During 2017 the company, in consultation with its parent undertaking, continually assessed the risks and made changes to internal procedures, as required.

Key performance indicators

H & M continued its expansion in the UK, opening 24 stores in 2017 and closing 13, leaving a total of 292 stores operating in the UK at the end of the year.

H & M is 23rd (2016 – 20th) on Interbrand's 'Best Global Brands' list for 2016. H & M remains the highest ranked fast-fashion retailer in terms of brand value.

H & M UK's net sales represented of 6.3% H & M's total gross sales worldwide (2016 – 6.8%). This makes H & M UK the third largest market in the H & M group.

The net margin for 2017 was 2.7% (2016 – 3.4%). The gross margin was 52.1% (2016 – 49.0%).

H & M in the UK employed an average of 7,357 employees in 2017, increasing from 7,171 in 2016 due to new stores opened during the year.

Future developments

The expectation for 2018 is to finish the year with a net increase of 14 stores.

to the members of H & M Hennes & Mauritz UK Limited

Strategic report (continued)

H & M's long-term goals for sustainable development

As a global fashion company with committed customers and employees, H & M is a positive force in the development towards a more circular and inclusive fashion industry. Progress is made possible by collaboration, openness and long-term commitment.

H & M is working to make sustainable fashion available to as many people as possible. As a global fashion company H & M is dependent on a long-term supply of natural resources and stable sourcing markets. Working for increased sustainability is essential to the company's long-term success. This work is therefore an integral part of the business and includes aspects such as environmental issues, ethics and human rights.

H & M's sustainability work covers the entire garment life cycle and also involves how the stores are run, how to get employees engaged and how to help customers make sustainable choices.

As a company with strong values and a long-term approach, H & M uses its size and influence to bring about better conditions for people and to minimise its impact throughout the value chain.

Progress is made possible through collaborations, innovation and greater transparency. Along with customers, suppliers, business partners, scientists, interest groups, decision makers and other companies, H & M is working all along the line – from creating the conditions for sustainable cotton production and promoting fair living wages for textile workers, through using renewable electricity, to encouraging customers to be climate smart when washing clothes and to recycle old clothing.

For H & M, the goal is to be able to continue to grow and create the best offering for its customers, to be an attractive employer of committed employees, to create jobs and to contribute to positive development in society.

On behalf of the Board

Carlos Duarte
Director

Date: 22nd August 2018

Registered No. 1413450

Directors' report

The directors present their report and financial statements for the year ended 30 November 2017. These financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.

Dividends

The directors have recommended and approved an ordinary dividend payment of nil (2016 – £15,000,000). Preference dividends of £1,449,000 (2016 – £1,449,000) fell due during the year.

Going concern

The financial position of the company, its cash flows, liquidity position and borrowing facilities are described on pages 9 to 12 and pages 28 to 30. In addition, Note 18 to the financial statements includes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The company has considerable financial resources and has been profit making for much of the recent past. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who served the company during the year were as follows:

K J E G Persson
J P Tervonen
C Duarte

Items disclosed in the Strategic report

Future developments and exposure to risks are disclosed in the Strategic report at pages 2 to 3.

Directors' report (continued)

Qualifying third-party indemnity provision

The ultimate parent undertaking has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

Disabled employees

The company gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information on matters of concern about the company has been continued through the online company newsletter in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between head office and branch management to discuss branch and company performance and to allow a free flow of information and ideas. H & M strives to ensure all employees have a common awareness of the key financial and economic factors affecting performance.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Carlos Duarte
Director

Date: 22nd August 2018

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of H & M Hennes & Mauritz UK Limited

Opinion

We have audited the financial statements of H & M Hennes & Mauritz UK Limited for the year ended 30 November 2017 which comprise the Income statement, the Statement of financial position, Statement of cash flows, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 November 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Gordon Cullen (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

28 August 2018

Income statement

For the year ended 30 November 2017

	Notes	2017 £	2016 £
Revenue	3	1,062,484,807	1,040,814,170
Cost of sales		(509,099,544)	(530,754,761)
Gross profit		553,385,263	510,059,409
Distribution costs		(503,732,399)	(466,871,089)
Administrative expenses		(26,285,377)	(12,630,358)
Other operating income	3	15,344,757	21,259,397
Operating profit		38,712,244	51,817,359
Finance income	7	244,391	405,735
Finance costs	8	(1,656,623)	(1,836,602)
		(1,412,232)	(1,430,867)
Profit on ordinary activities before taxation		37,300,012	50,386,492
Tax charge	9	(8,138,286)	(14,547,350)
Profit for the financial year		29,161,726	35,839,142

All amounts relate to continuing activities.

The notes on pages 13 to 32 form part of these financial statements.

Statement of comprehensive income

For the year ended 30 November 2017

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £29,161,726 in the year ended 30 November 2017 (2016 – profit of £35,839,142).

Statement of financial position

At 30 November 2017

	Notes	2017 £	2016 £
Non-current assets			
Property, plant and equipment	10	163,415,808	145,691,861
Deferred tax asset	9(b)	16,163,771	15,155,495
Leasehold premiums		9,088,854	5,920,665
		188,668,433	166,768,021
Current assets			
Inventories	11	74,438,024	68,691,047
Trade and other receivables	12	52,380,549	39,926,167
Cash and cash equivalents	13	106,979,615	108,623,580
		233,798,188	217,240,794
Total assets		422,466,621	384,008,815
Current liabilities			
Trade and other payables	14	(133,864,275)	(116,348,756)
Income tax payable		(2,091,791)	(6,289,306)
Provisions due in less than one year	17	(1,885,053)	(1,321,709)
		(137,841,119)	(123,959,771)
Non-current liabilities			
Financial liabilities	15	(20,700,000)	(20,700,000)
Leasehold incentives liabilities due in more than one year		(104,830,878)	(94,293,914)
Provisions due in more than one year	17	(2,733,928)	(2,856,160)
		(128,264,806)	(117,850,074)
Total liabilities		(266,105,925)	(241,809,845)
Net Assets		156,360,696	142,198,970
Equity			
Issued capital	19	50,000	50,000
Retained earnings	20	156,310,696	142,148,970
Total equity		156,360,696	142,198,970

The financial statements were authorised for issue by the Board of Directors and signed on its behalf by:

Carlos Duarte
Director
Date: 22 August 2018

Statement of changes in equity

At 30 November 2017

	Issued capital £	*Retained earnings* £	*Total* £
At 1 December 2016	50,000	142,148,970	142,198,970
Payment of dividend	–	(15,000,000)	(15,000,000)
Profit for the year after taxation	–	29,161,726	29,161,726
At 30 November 2017	50,000	156,310,696	156,360,696

Statement of cash flows

For the year ended 30 November 2017

	Notes	2017 £	2016 £
Operating activities			
Profit for the year before taxation		37,300,012	50,386,492
Adjustments to reconcile Profit before tax for the year to net cash inflow / (outflow) from operating activities:			
Finance income	7	(244,391)	(405,735)
Finance costs		1,480,682	1,482,344
Loss on sale of fixed assets		785,264	448,473
Net movement in provision for sales returns	17	563,344	44,044
Net movement in provision for onerous lease	17	(199,998)	(95,989)
Depreciation of property, plant and equipment	10	49,006,986	45,512,673
Depreciation of lease premium		982,641	522,434
Landlord incentive and rent free provision		5,597,758	13,928,765
Working capital adjustments:			
Decrease in inventories		(5,746,977)	2,101,185
Decrease in trade and other receivables		(12,454,382)	1,114,451
Decrease in trade and other payables		22,454,724	(3,223,046)
Cash generated from operations		99,525,663	111,816,091
Interest received		246,859	444,885
Income taxes paid		(12,249,414)	(13,061,588)
Net cash flow from operating activities		87,523,108	99,199,388
Investing activities			
Payments for lease premiums		(5,642,082)	(1,480,000)
Proceeds from the sale of property, plant and equipment		9,098	13,200
Payments to acquire property, plant and equipment		(67,053,407)	(69,563,787)
Net cash flows from investing activities		(72,686,391)	(71,030,587)
Financing activities			
Interest paid		(31,682)	(33,344)
Interest paid to preference shareholders		(1,449,000)	(1,449,000)
Dividends paid		(15,000,000)	(15,000,000)
Net cash flows from financing activities		(16,480,682)	(16,482,344)
Net increase / (decrease) in cash and cash equivalents		(1,643,965)	11,686,457
Cash and cash equivalents at 1 December	13	108,623,580	96,937,123
Cash and cash equivalents at 30 November 2017	13	106,979,615	108,623,580

Notes to the financial statements

At 30 November 2017

1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of H & M Hennes & Mauritz UK Limited for the year ended 30 November 2017 were authorised for issue by the board of directors on the 22nd of August 2018 and the balance sheet was signed on the board's behalf by Carlos Duarte. H & M Hennes & Mauritz UK Limited is a private limited company incorporated and domiciled in England and Wales. The address of its registered office is 1st Floor, 25 Argyll Street, London W1F 7TS.

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The directors believe that given the company's cash resources, and its substantial cash generating ability, the company continues to adopt the going concern principal in preparing the annual report and financial statements.

Statement of compliance with IFRS

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the company for the year ended 30 November 2017 and applied in accordance with the Companies Act 2006.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the company's accounting policies, management has made the following judgements and estimations which have the most significant effect on the amounts recognised in the financial statements:

Taxation

The company is subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

2. Accounting policies (continued)

Foreign currency transactions

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the functional currency of the company by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, except land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	–	over 5 years
Buildings	–	over 50 years
Motor vehicles	–	over 4 years
Computer equipment	–	over 5 years
Fixtures and fittings	–	over 5 years

Depreciation is charged from the month of acquisition of fixed assets or opening of the related stores (if later). All assets are depreciated up to the date of derecognition.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Leases

Company as a lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases.

Rentals payable under operating leases are charged in the income statement on a straight-line basis over the expected lease term.

Rent-free periods and reverse premiums

Benefits received and receivable as incentives to sign leases are spread on a straight-line basis over the expected lease term.

The company does not have any finance lease arrangements.

Lease premiums

Leasehold premiums are depreciated over the lease term which ranges from 10 to 20 years.

2. Accounting policies (continued)

Provisions

Provisions can be distinguished from other liabilities such as trade payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement.

A provision is recognised when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Capital contributions

Capital contributions represent additional equity injected in the business by the parent undertaking without the issue of equity share capital. Such contributions are credited directly in equity and have no effect on the income statement.

New standards and interpretations early adopted

None.

Financial assets

Initial recognition and measurement

The company's financial assets within the scope of IAS 39 are classified as loans and receivables and are initially recognised at cost. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. These assets include amounts recoverable from landlords in lieu of reverse premiums on leases and amounts receivable from certain clearing agents.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The company assesses at each reporting date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of any loss is recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2. Accounting policies (continued)

Financial liabilities

Measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and subsequently carried at amortised cost using the effective interest rate method if the time value of money is significant. The company's financial liabilities include trade and other payables, loans and borrowings from the group and preference shares issued.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any slow-moving or obsolete items, using the retail price method which is computed on the basis of selling price less appropriate trading margins.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, in hand, receivables from credit card companies, and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. For the purpose of the statement of financial position, cash deposits and overdrafts are presented separately.

Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. Accounting policies (continued)

Income taxes (continued)

Deferred income tax (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the group exchanging a fixed amount of cash or other assets for a fixed number of the group's own equity instruments.

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Preference dividend payables are presented as interest costs in the income statement in line with the classification of related preference shares.

Pensions

The company has a defined contribution scheme which employees are eligible to join. Contributions to this scheme are recognised in the profit and loss account in the period in which they become payable.

2. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on sale of the goods.

Gift card sales

Amounts received in lieu of advance sale of gift cards are deferred until their redemption through customer spending in stores. The expiry date on merchandise credit gift cards is two years from initial purchase. Other gift cards do not have an expiry date.

Other income

Other income includes income related to expired gift cards. Miscellaneous rebates from external companies and money received for insurance claims are also included under other income.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Agency sales

The company acts as agent on behalf of the ultimate parent undertaking in certain online transactions. Revenue and cost of sales from such transactions have been excluded from the income statement.

Changes in accounting policies resulting from new standards

A number of new standards, revisions and interpretations of existing standards have been published but have not yet entered into force.

Of these, only the standards below are expected to have any effect on the consolidated financial statements.

IFRS 9, Financial Instruments: Recognition and Measurement.

This standard is to be applied to annual reporting periods beginning on or after 1 January 2018 (in the case of H&M, from the 2018/2019 financial year), when it will replace IAS 39, Financial Instruments: Recognition and Measurement. The new standard has been comprehensively revised in various parts, including in respect of the recognition and measurement of financial assets and financial liabilities. The standard is divided into three parts: classification and measurement, hedge accounting and impairment.

IFRS 9 requires financial assets to be classified in three different measurement categories: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification is made at the time the asset is initially recognised based on the characteristics of the asset and the company's business model. In the case of financial liabilities, there are no significant changes compared to IAS 39. The main change is for liabilities measured at fair value. In this case the part of the change in fair value attributable to a change in the credit risk of the liability is to be presented in other comprehensive income rather than in profit or loss, unless this would create an accounting mismatch.

The second part relates to hedge accounting. IFRS 9 requires additional disclosures concerning risk management and the effects of hedge accounting. In the main, the new principles provide the conditions for a fairer picture of a company's management of financial risks to be reported.

Finally, new principles have been introduced regarding impairment of financial assets using a model based on expected losses. One of the aims of the new model is that reservations for credit losses will be made at an earlier stage.

The company has begun its evaluation of the effects of the new standard.

2. Accounting policies (continued)

Changes in accounting policies resulting from new standards (continued)

IFRS 15, Revenue from Contracts with Customers.

This standard applies to annual reporting periods beginning on or after 1 January 2018 (in the case of H&M, from the 2018/2019 financial year). The standard replaces all previously issued standards and interpretations dealing with revenue (i.e. IAS 11 Construction Contracts, IAS 18 Revenue, iFRiC 13 Customer Loyalty Programmes, iFRiC 15 Agreements for the Construction of Real Estate, iFRiC 18 Transfers of Assets from Customers and SiC-31 Revenue: Barter Transactions Involving Advertising Services).

IFRS 15 contains an overall model for reporting revenue arising from contracts with customers. The idea is that everything starts with an agreement between two parties concerning the sale of a good or service. Initially a customer agreement is to be identified, which generates an asset (rights, a promise that compensation will be received) and a liability (commitments, a promise to deliver goods/services) for the seller. Under the model the company then reports a revenue item and thereby demonstrates that the company is meeting a commitment to deliver promised goods or services to the customer.

H&M does not expect the standard to make any material difference to the company.

IFRS 16, Leases.

This standard applies to annual reporting periods beginning on or after 1 January 2019 and will supersede IAS 17, Leases, and its associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This is based on the approach that the lessee has a right to use an identified asset for a specific period of time and at the same time a liability to pay for this right. Recognition for lessors will essentially be unchanged.

The company has begun its evaluation of the new standard and expects it to result in recognition of material assets and liabilities associated with the company's leases for premises. Since the standard will be applied for the first time to the 2019/2020 financial year, the judgement has been made that it is not yet possible to assess and calculate its effects on the figures with any certainty.

IFRIC 23, Uncertainty over Income Tax Treatments.

This interpretation of the standard clarifies recognition and measurement when there is uncertainty over income tax treatments. Assuming that the EU approves the interpretation, it is to be applied starting from 1 January 2019. The company will evaluate the effect of the interpretation during 2018.

3. Revenue

Revenue which is stated net of value added tax represents the amounts invoiced for goods sold. This includes both United Kingdom retail sales of £957,128,569 (2016 – £962,810,825) and sales to group undertakings of £105,356,237 (2016 – £77,863,613). All revenue arises from continuing activities in the United Kingdom except for £13,059,607 (2016 – £17,808,035) paid by H & M Hennes & Mauritz GBC AB to the UK company recorded as part of other operating income.

Revenue recognised in the income statement is analysed as follows:

	2017	*2016*
	£	*£*
Sale of goods	931,727,940	940,844,193
Release of deferred revenue related to gift cards	25,400,630	22,106,364
Sales to group undertakings	105,356,237	77,863,613
Amounts reported as revenue	1,062,484,807	1,040,814,170
Finance income	244,392	405,735
Other operating income	15,344,757	21,259,397
	15,589,149	21,665,132

Deferred revenue

	2017	*2016*
	£	*£*
At 1 December	9,490,008	8,450,795
Deferred during the year	28,087,818	24,636,086
Redeemed gift cards – released to turnover	(25,400,630)	(22,106,364)
Expired gift cards – released to other operating income	(1,897,797)	(1,490,509)
At 30 November (note 14)	10,279,399	9,490,008

The deferred revenue relates to the amount received in advance for gift cards transactions which is included in trade and other payables in the statement of financial position.

4. Operating profit

This is stated after charging / (crediting):

	2017	*2016*
	£	*£*
Auditor's remuneration (note 5)	154,950	187,200
Depreciation of property, plant and equipment (note 10)	49,006,986	45,512,673
Rentals under operating leases	144,530,661	136,208,753
Release of deferred revenue related to lease incentives	(17,860,060)	(13,081,389)
Net foreign currency differences	16,615	5,131
Cost of inventories recognised as an expense (note 11)	403,781,291	454,250,030
Staff costs and directors' remuneration (note 6)	160,628,565	147,873,656

5. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company.

		2017	2016
		£	£
Audit of the financial statements		139,050	120,000
Other fees to auditors	– taxation services	-	51,800
	– other assurance services	15,900	15,400
		154,950	187,200

6. Staff costs and directors' remuneration

(a) Staff costs

	2017	2016
	£	£
Wages and salaries	148,448,878	137,573,631
Social security costs	10,759,395	8,957,207
Pension costs	1,420,292	1,342,818
	160,628,565	147,873,656

The average monthly number of employees (full-time equivalent) during the year was made up as follows:

	No.	No.
Administration	534	499
Selling and warehousing	6,823	6,672
	7,357	7,171

(b) Directors' remuneration included in staff costs are

	2017	2016
	£	£
Wages and salaries	599,095	552,955
Benefits	156,291	110,016
Aggregate remuneration in respect of qualifying services	755,386	662,971

	2017	2016
	£	£
Value of company pension contributions to defined contribution schemes	183,206	145,185
Number of directors accruing benefits under defined contribution schemes	1	1

All remuneration included in Note 6b relates to amounts paid to the highest paid director.

7. Finance income

	2017 £	2016 £
Bank interest receivable	232,024	388,999
Other interest	12,367	16,736
Total finance income	244,391	405,735

£9,884 (2016 – £7,416) of accrued interest is included in Bank interest receivable.

8. Finance costs

	2017 £	2016 £
Preference shareholders' dividends	1,449,000	1,449,000
Unwinding of onerous lease provision	175,941	354,258
Other interest charges	31,682	33,344
Total finance costs	1,656,623	1,836,602

9. Income tax

(a) Income tax on profit on ordinary activities

Income tax charge is made up as follows:

	2017 £	2016 £
Current income tax:		
UK corporation tax on the profit for the year	10,170,333	14,006,415
Adjustments for current tax in previous years	(1,023,772)	(181,336)
Total current income tax	9,146,561	13,825,079
Deferred income tax:		
Origination and reversal of timing differences	(1,243,404)	(1,255,578)
Adjustment in respect of previous periods	85,166	297,815
Effects of changes in tax rates	149,963	1,680,034
Total deferred income tax	(1,008,275)	722,271

9. Income tax (continued)

(a) Reconciliation of the total tax charge in the income statement

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.33% (2016 – 20%). The differences are explained below:

	2017	*2016*
	£	*£*
Profit before tax	37,300,012	50,386,492
Profit multiplied by UK standard rate of corporation tax in the UK of 19.33% (2016 – 20%)	7,210,655	10,077,299
Expenses not deductible for tax purposes	1,753,986	2,776,535
Tax over/(under) provided in previous years	(938,335)	116,480
Effects of Group relief / other reliefs	(31,670)	(32,076)
Change in tax rate	149,693	1,680,034
Income not taxable	(6,043)	(6,250)
Other	-	(64,671)
Income tax for the year (note 9(a))	8,138,286	14,547,350

9. Income tax (continued)

(b) Deferred tax asset

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Decelerated capital allowances	7,272,291	6,752,226
Other temporary differences	8,891,480	8,403,269
Total deferred tax asset	16,163,771	15,155,495

The company has recognised deferred tax on all deductible temporary differences. There are no unrecognised deferred tax assets at the end of any financial year presented.

The movement in recognised deferred tax asset is as follows:

	2017	2016
	£	£
At 1 December	15,155,495	15,877,766
Origination and reversal of timing differences	(85,166)	(722,271)
Deferred tax charge for the period	1,093,442	
At 30 November	16,163,771	15,155,495

The deferred tax included in the company income statement is as follows:

	2017	2016
	£	£
Deferred tax in the income statement:		
Decelerated capital allowances	(1,243,404)	(1,255,578)
Other timing differences	-	-
Prior year adjustments	85,166	297,815
Change in tax rate	149,963	1,680,034
Deferred income tax (credit)	(1,008,275)	722,271

(c) Factors affecting future tax charges

Finance Bill 2016 included legislation to reduce the main rate of corporation tax from 18% to 17% from 1 April 2020. The reported deferred tax asset has therefore been reduced to reflect the reduction in rate.

10. Property, plant and equipment

	Leasehold improvements	Land and buildings	Computer and equipment	Fixtures and fittings	Total
	£	£	£	£	£
Cost:					
At 1 December 2016	266,510,448	-	19,718,669	112,740,773	398,969,890
Additions	50,528,535	-	3,548,029	13,439,632	67,516,196
Disposals	(11,056,246)	-	(559,027)	(3,948,841)	(15,564,114)
At 30 November 2017	305,982,737	-	22,707,671	122,231,564	450,921,972
Depreciation:					
At 1 December 2016	171,370,314	-	10,581,384	71,326,331	253,278,029
Provided during the year	32,517,890	-	2,821,333	13,667,763	49,006,986
Disposals	(10,399,575)	-	(524,546)	(3,854,730)	(14,778,851)
At 30 November 2017	193,488,629	-	12,878,171	81,139,364	287,506,164
Net book value:					
At 30 November 2017	112,494,108	-	9,829,500	41,092,200	163,415,808
At 1 December 2016	95,140,134	-	9,137,285	41,414,442	145,691,861

Property, plant and equipment are tested for impairment annually. The company did not find any indication of impairment for the years presented.

Motor vehicles are included in fixtures and fittings.

The company's depreciation policy is outlined in note 2 under Property, plant and equipment.

11. Inventories

	2017	2016
	£	£
Goods held for resale	74,438,024	68,691,047

£403,781,291 (2016 – £454,250,030) was recognised as an expense in the year in relation to inventories.

12. Trade and other receivables

	2017	2016
	£	£
Prepayments and accrued income	32,909,082	22,303,881
Other debtors	17,472,783	16,020,192
Leasehold premiums <1yr	1,998,684	507,434
Corporation tax	-	1,094,660
	52,380,549	39,926,167

For details of related party receivables, refer to note 22.

The company does not have any trade receivables owing to the nature of business. Other debtors include amounts due from landlords in lieu of capital contributions receivable upon signing of store leases and other amount due from Landlords such as turnover rent rebates.

13. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	106,979,615	108,623,580

Cash at bank earns interest at floating rates based on daily bank deposit rates. It also includes cash in transit such as payments due with regards to card payments.

Cash at bank includes £4,499,076 (2016 – £2,525,372) held on behalf of H & M Hennes & Mauritz Online AB relating to online sales where the company acts as agent. These amounts are also recorded as amounts owed to group undertakings (note 14).

The fair value of cash and cash equivalents is the same as its carrying value.

14. Trade and other payables

	2017	2016
	£	£
Trade payables	22,667,465	17,712,770
Amounts owed to group undertakings	42,132,538	33,033,169
Other payables	12,010,237	11,866,531
Taxation and social security	4,480,157	4,194,287
Accruals	35,208,414	28,026,719
Deferred income	10,279,399	9,490,008
Leasehold incentives	7,086,065	12,025,272
	133,864,275	116,348,756

For details of related party payables, refer to note 22.

15. Other financial liabilities

	2017 £	2016 £
Preference shares	20,700,000	20,700,000

In accordance with the IAS 32, the 7% cumulative redeemable preference shares of £1 each have been classified as a financial liability to reflect the rights and obligations of this class of share.

On a winding-up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus any accrued dividend.

The preference shares carry no voting rights.

16. Obligations under operating leases

Operating lease agreements where the company is lessee

The company undertakes operating leases on its stores. The leases have varying terms, escalation clauses and renewal rights. Contingent rent is payable on the basis of turnover for stores.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2017 £	2016 £
Operating leases which expire:		
Within one year	135,718,197	142,342,352
In two to five years	430,391,435	471,575,959
Over five years	487,112,059	563,346,825
	1,053,221,691	1,177,265,136

The lease payments recognised as an expense in the year was £144,530,662 (2016 – £136,208,753). Of this, £135,560,877 (2016 – £127,889,233) related to minimum lease payments and £8,969,785 (2016 – £8,319,520) related to contingent rent payments. The company sublet some of the lease properties and collected sublease rental payments aggregating £170,000 (2016 – £170,000).

17. Provisions

	Sales return provision £	Onerous Lease provision £
At 1 December 2016	1,321,709	2,856,160
Unwinding of discount	-	175,941
Utilised	(1,321,709)	(279,545)
Released	-	(1,486,377)
Charged in the year	1,885,053	1,467,749
At 30 November 2017	1,885,053	2,733,928

Provisions due in less than one year: sales returns provision

The sales returns provision is a reserve created to account for the goods returned by customers within the specified return period. This provision is continually updated and is based on actual sales returns after the year end which related to sales before the year end. This is off-set against revenue and cost of sales.

Provisions due in more than one year: onerous lease provision

The onerous lease provision is a reserve created to account for the expected loss until the end of an onerous lease. This provision is discounted to present value. This is off-set against distribution costs.

18. Financial instruments

The company's principal financial instruments are the various financial assets and liabilities such as cash and cash equivalents, trade and other receivables, trade and other payables and intra-group positions that arise directly from its operations, and the 7% cumulative redeemable preference shares.

The company is not exposed to credit risk because the company does not have any significant trade receivables. Cash is invested in banks and financial institutions with a high credit rating which ensures that the exposure is spread across a number of approved financial institutions. Cash is received from sales at the time of the transaction or via credit card payments which are treated as cash and cash equivalents.

The company does not have a significant exposure to foreign currency risk (as transactions are in GBP) or interest rate risk (as the company does not participate in any interest-bearing loans).

Liquidity risk

Adequate cash is generated by the company to meet its liabilities as they fall due and carry on its operations. Any extra funding needed for expansion in the UK is either generated internally or financed by its parent undertaking, H & M Hennes & Mauritz AB, registered in Sweden.

The company has the following financial liabilities and contractual maturities:

- Trade payables – short maturity profiles which are usually payable within three months.
- Amounts payable to group undertakings – non interest-bearing, no defined maturity, and considered to be repayable within three months.

18. Financial instruments *(continued)*

Liquidity risk (continued)

- 7% cumulative redeemable preference shares – obligation to pay an annual 7% coupon on its preference shares. The preference shares are redeemable after at least three months written notice is provided to H & M Hennes & Mauritz UK Ltd. Currently, the company does not expect this event to occur in the foreseeable future and accordingly the preference shares have been classified as payables greater than 5 years. It is assumed that cumulative preference dividends will be paid each year.

The table below summarises the maturity profile of the company's financial liabilities at 30 November 2017 and 30 November 2016 based on contractual undiscounted payments.

At 30 November 2017	*On demand*	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*> 5 years*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
Non-derivative financial liabilities						
Trade payables	–	22,667,465	–	–	–	22,667,465
Amounts owed to group Undertakings	–	42,132,538	–	–	–	42,132,538
Preference shares	–	–	1,449,000	5,796,000	22,149,000*	29,394,000
	–	64,800,003	1,449,000	5,796,000	22,149,000	94,194,003

At 30 November 2016	*On demand*	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*> 5 years*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
Non-derivative financial liabilities						
Trade payables	–	17,712,770	–	–	–	17,712,770
Amounts owed to group Undertakings	–	33,033,169	–	–	–	33,033,169
Preference shares	–	–	1,449,000	5,796,000	22,149,000*	29,394,000
	–	50,745,939	1,449,000	5,796,000	22,149,000	80,139,939

* Preference shares greater than 5 years includes preference dividends for one year only.

18. Financial instruments *(continued)*

Fair values

The fair value of the financial assets and liabilities are considered to be equal to their carrying value as at the date of statement of financial position for the periods presented.

The fair value of preference shares is considered to be the same as the carrying value as both parties have the right to redeem these shares at any point.

Capital management

Capital includes convertible preference shares and equity attributable to the shareholder.

The company's objectives when managing capital are to safeguard its ability to continue as a going concern and to provide an optimal return to its shareholder.

In order to maintain or re-align the capital structure, the company may receive capital contributions from the parent undertaking.

19. Issued share capital

		2017		2016
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

20. Movements on reserves

The statement of changes in equity sets out reserves in addition to issued capital, which represents the earnings of the company and any possible distributions to shareholders.

21. Capital commitments

Capital commitments contracted for but not provided in the financial statements amounted to £nil (2016 – £nil).

22. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with related parties. The transactions from related parties are made at terms equivalent to those that prevail in arm's length transactions.

22. Related party transactions *(continued)*

Transactions entered into, and trading balances outstanding at 30 November with other related parties, are as follows:

Related party	*Sales to related parties*	*Purchases from related parties*	*Other transactions with related parties*	*Amounts owed by/(to) related parties at end of financial year*
	£	£	£	£
Parent undertaking:				
2017	99,239,085	(738,779,585)	(16,449,000)	(58,529,396)
2016	–	–	(16,449,000)	–
Other group undertakings:				
2017	6,117,152	(18,319,562)	-	(650,448)
2016	6,155,505	(546,763,811)	83,286,853	(33,033,169)

Parent undertakings

Transactions with parent undertaking are mainly for the dividend due on preference shares.

Other group undertakings

Transactions with other group undertakings mainly include transactions for the purchase of stock from the Global Buying Company and the transfer of stock between H & M UK and other H & M countries.

Key management personnel of the company

Key management personnel are considered to be the directors of the company. All transactions with them are included in note 6 of the financial statements.

23. Ultimate parent undertaking and controlling party

During the year until 31 March 2017, the immediate parent undertaking of the company was H & M Hennes & Mauritz Holdings BV, registered in the Netherlands.

On 31 March 2017, H & M Hennes & Mauritz Holdings BV transferred its entire shareholding in the company to H & M Hennes & Mauritz GBC AB. Accordingly, H & M Hennes & Mauritz GBC AB became the company's immediate and ultimate parent company.

The ultimate parent undertaking and the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is H & M Hennes & Mauritz AB, registered in Sweden. Copies of group financial statements can be obtained from H & M Hennes & Mauritz AB, Jakobsbergsgatan 17, Box 1421 S-11184, Stockholm, Sweden. The ultimate controlling party is Ramsbury Invest AB, a company registered in Sweden.