

A.S.H.S. Limited

Report and Financial Statements

Year Ended

26 December 2015

Company Number 03142746

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A.S.H.S. Limited

Report and financial statements for the year ended 26 December 2015

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Directors

A S Hindmarch
H J Seymour
H E Wright
M Hindmarch
M Ragy
S Sassi

Secretary and registered office

M W Hindmarch, The Stable Block, Plough Brewery, Battersea, London, SW8 3JX

Company number

03142746

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

A.S.H.S. Limited

Strategic report for the year ended 26 December 2015

The directors present their strategic report together with the audited financial statements for the year ended 26 December 2015.

Overview

- The Group has made advancements in all key metrics in the year:
- Headline sales growth of +21%
- Gross profit growth of +28%
- Gross Profit Margin expanded by 3.7% points
- EBITDA ("Earnings Before Interest, Tax, Depreciation & Amortisation") losses narrowed by £2.5m to £(4.3)m, ahead of expectations, and reflect investment in the business to build a platform to accelerate growth

Performance

- The Group achieved headline sales growth of +21% vs 2014
- Key stores in key retail locations performed strongly in 2015 with underlying sales growth of +15% in the Group's full priced standalone stores and +10% in concessions.
- The Group's Ecommerce platform improved its revenue by +49%.
- The Japanese Franchise, which was purchased in February 2014, has performed well in its first full year post acquisition, with underlying sales growth of +18% in the year.
- Wholesale order book continues to grow significantly with new accounts, new doors and organic growth. AW 2015 order book was ahead of AW14 by +73% and SS16 ahead of SS15 by +103%.
- The Group signed a new franchise agreement with Etoile Group in 2015 for the Middle East region.
- Gross margin increased to 63.4% from 59.7% in 2014.
- In line with strategy, the Group has been investing in product collections, marketing & PR, infrastructure and teams to build a strong platform from which to accelerate growth
- EBITDA losses narrowed by £2.5m to £(4.3)m, ahead of expectations, reflecting this investment in the business
- The results of this investment strategy are evident in the strong margin and sales performance delivered.

Collections

- The AW15 Collection marked a confident new energy in the creative direction of the Group.
- The brand continues its highly visible and widely broadcast London Fashion Week shows.
- An engaging seasonal pop up model has been established executed seasonally in key markets with influential partners. These included highly acclaimed AW15 'Car Park' pop up event staged at Selfridges
- London, Boon the Shop in Korea, Isetan in Tokyo in September and October 2015 and a 3 month pop up in Le Printemps, Paris.

Network development

- New franchise partner, Etoile Group, was signed for Middle East expansion. The first concession opened in November in Yas Mall, Abu Dhabi.
- Other openings included Westfield, London (July 2015) and the newly-renovated Flagship store on New Bond Street (September 2015).
- Wholesale accounts have increased during 2015 by +55%.

Outlook

- 2016 has started strongly with H1 sales growth of +16%.

A.S.H.S. Limited

Strategic report for the year ended 26 December 2015 (*continued*)

Background:

A.S.H.S. Limited operates worldwide under the trading name Anya Hindmarch. Founded in 1987 by Ms Anya Hindmarch, who remains Chairman and Chief Creative Officer, the Group today is a global luxury brand with a distinctive London identity and a reputation for innovation, humour and craftsmanship. Its principal activity remains the design, production and sale of luxury handbags and accessories. The Group is headquartered in London, from where it takes a great deal of its inspiration. Designed entirely in-house, products are manufactured by third party manufacturers, located predominantly in Italy.

The Group's products are sold through its network of Anya Hindmarch branded stores, including directly-operated stores and concessions in the UK, Japan, USA, Ireland and Singapore plus its UK, US and Japanese e-commerce sites. Added to these stores, the Group continues to work closely with its other franchised partners who operate Anya Hindmarch mono-brand stores in Hong Kong, Malaysia and the Middle East. In addition, the Group sells its products to a carefully-selected network of wholesale and specialty stores and e-commerce customers present in key luxury markets around the world. None of its products are sold under licence.

Business strategy

In recent years, the Group has established a careful and fully planned growth strategy for the business. In order to fund this strategy, in July 2013, Mayhoola for Investments LLC, a private Qatari investor group, acquired a 38.3% stake in the ordinary shares of the Company. In February 2014, Mayhoola for Investments invested a further £24.2 million in the business through the purchase of newly-issued convertible preference shares; this would take its total stake to 60% of the share capital in the event of full conversion of the preference shares. This injection of equity has allowed the Group to repurchase the franchise of the Japanese business on 1 March 2014, plus strategically invest in systems, capabilities and cost base to allow the execution of the growth strategy. The very significant investments made in the Group's teams, product collections, marketing & PR and infrastructure since 2011 are aimed at reinforcing the brand's clear positioning, re-energising the brand and ultimately building shareholder value through revenue growth and profitability.

Principal Risks and Uncertainties:

Marketplace

The luxury accessories business is highly competitive and presents a number of operational risks characteristic of this sector.

The Group seeks to stand out in this environment by offering a highly distinctive range of products at attractive luxury price points, aiming to build iconic families of bags and other accessories that are readily recognizable as being from Anya Hindmarch, as well as offering a highly differentiating personalisation service.

Credit risk

The principal credit risk for the Group arises from its trade debtors. In order to manage this risk, the Group performs credit checks on all customers and subsequently sets appropriate credit limits. The directors also seek to secure export insurance for substantially all of the Group's trade clients.

A.S.H.S. Limited

Strategic report for the year ended 26 December 2015 (*continued*)

Principal Risks and Uncertainties: (*continued*)

Liquidity risk

The directors seek to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable seasonal operational needs. The Group monitors budgets and cash flow forecasts on a regular basis and works closely with its banking partners to ensure that the Group has the appropriate banking products and resources available to fund all working capital cycles.

Foreign exchange risk

The Group is exposed to both translational and transactional foreign exchange. The Group purchases product and raw materials in both US dollars and Euros. In order to mitigate the exchange risk and add certainty to cash flows, the Group takes out forward purchase contracts to purchase both US Dollars and Euros. Since the acquisition of the Japan franchise in 2015, the Group is exposed to translational risk on movements between ¥/GBP exchange rates. Currently the Group do not take measures to mitigate this, given the exposure is deemed minimal as the Japanese business largely breaks even, although this is being continually monitored by the Group.

Environmental issues

The Group is committed to the promotion of environmental initiatives and minimising the environmental impact of its business. The Group is committed to reducing the impact of its operations on the environment. Our industry is energy intensive and to satisfy the requirements of our customers requires high level of transport usage. Through focusing on creating an efficient and sustainable business the Group is taking steps to reduce its on-going carbon footprint. The Group's objective is to recycle as much of its waste as possible.

Social responsibility

The Group does not make any political contributions but is active in the communities in which it is based and supports charitable causes in the industry which it serves.

Employment of disabled persons

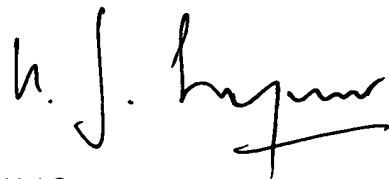
The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group.

Employee involvement

The flow of information to staff has been maintained by our company meetings. Members of the management team regularly visit stores and discuss matters of current interest and concern to the business with members of staff.

Approval

This strategic report was approved by order of the Board on 13 September 2016



H J Seymour
Director

A.S.H.S. Limited

Report of the directors for the year ended 26 December 2015

The directors present their report together with the audited financial statements for the year ended 26 December 2015.

Results and dividends

The consolidated statement of comprehensive income is set out on page 8 and shows the loss for the year.

The directors do not recommend the payment of a dividend (2014 - £Nil).

Directors

The directors of the company during the year and since year end were:

A S Hindmarch

H J Seymour

M Hindmarch

M Ragy

S Sassi

J McArthur (resigned 3 March 2015)

H E Wright (appointed 3 June 2015)

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

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

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

A.S.H.S. Limited

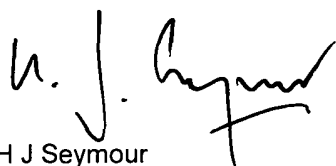
Report of the directors for the year ended 26 December 2015 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office under the Companies Act 2006 section 487 (2) they will automatically be re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

On behalf of the Board



H J Seymour
Director

Date 13 September 2016

A.S.H.S. Limited

Independent auditor's report

TO THE MEMBERS OF A.S.H.S. LIMITED

We have audited the financial statements of A.S.H.S. Limited for the year ended 26 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 26 December 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

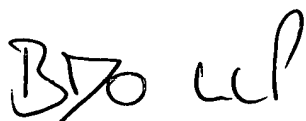
A.S.H.S. Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 parent company 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.



Sophia Michael (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date *29 September 2016*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

A.S.H.S. Limited

Consolidated statement of comprehensive income for the year ended 26 December 2015

	Note	2015 £'000	2014 (as restated note 28) £'000
Turnover	2	34,350	28,431
Cost of sales		(12,577)	(11,461)
Gross profit		21,773	16,970
Administrative expenses		(28,117)	(25,724)
Other income	5	80	273
Loss on ordinary activities before interest	5	(6,264)	(8,481)
Interest receivable and similar income		132	82
Interest payable and similar charges	6	(202)	(153)
Loss on ordinary activities before taxation		(6,334)	(8,552)
Taxation charge on loss from ordinary activities	7	(53)	(1)
Loss for the financial year		(6,387)	(8,553)
Currency translation differences		71	(449)
Other comprehensive income for the year		71	(449)
Total comprehensive income for the year		(6,316)	(9,002)

All amounts relate to continuing activities.

The notes on pages 14 to 30 form part of these financial statements.

A.S.H.S. Limited

Consolidated statement of financial position at 26 December 2015

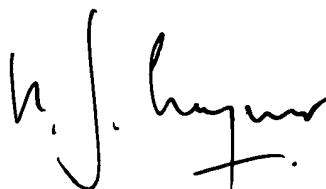
<i>Company number 03142746</i>	<i>Note</i>	2015	2015	2014	2014
		£'000	£'000	(as restated note 28) £'000	(as restated note 28) £'000
Fixed assets					
Intangible assets	8		875		1,107
Tangible assets	9		3,939		4,587
			<u>4,814</u>		<u>5,694</u>
Current assets					
Stocks	11	13,728		12,587	
Debtors	12	4,925		5,057	
Cash at bank and in hand		3,462		8,479	
		<u>22,115</u>		<u>26,123</u>	
Creditors: amounts falling due within one year	13	<u>(8,077)</u>		<u>(8,276)</u>	
Net current assets			<u>14,038</u>		<u>17,847</u>
Total assets less current liabilities			<u>18,852</u>		<u>23,541</u>
Creditors: amounts falling due after more than one year	14		<u>(2,703)</u>		<u>(1,175)</u>
Net assets			<u>16,149</u>		<u>22,366</u>
Capital and reserves					
Called up share capital	19		76		76
Share premium			99		-
Preference share capital			24,200		24,200
Capital redemption reserve			21		21
Profit and loss account			(8,247)		(1,931)
Shareholders' funds			<u>16,149</u>		<u>22,366</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 September 2016

A Hindmarch
Director



H J Seymour
Director



The notes on pages 14 to 30 form part of these financial statements.

A.S.H.S. Limited

Consolidated statement of changes in equity for the year ended 26 December 2015

Group	Share capital	Share premium	Preference share capital	Capital redemption reserve	Profit and loss account (as restated note 28) £'000	Total equity (as restated note 28) £'000
	£'000	£'000	£'000	£'000		
1 January 2014	76	-	-	21	7,071	7,168
Comprehensive income for the year						
Loss for the year	-	-	-	-	(8,553)	(8,553)
Currency translation differences	-	-	-	-	(449)	(449)
Total comprehensive income for the year	-	-	-	-	(9,002)	(9,002)
Contributions by and distributions to owners						
Issue of preference shares	-	-	24,200	-	-	24,200
Contributions by and distributions to owners	-	-	24,200	-	-	24,200
31 December 2014	76	-	24,200	21	(1,931)	22,366
1 January 2015	76	-	24,200	21	(1,931)	22,366
Comprehensive income for the year						
Loss for the year	-	-	-	-	(6,387)	(6,387)
Currency translation differences	-	-	-	-	71	71
Total comprehensive income for the year	-	-	-	-	(6,316)	(6,316)
Contributions by and distributions to owners						
Exercise of share options	-	99	-	-	-	99
Contributions by and distributions to owners	-	99	-	-	-	99
26 December 2015	76	99	24,200	21	(8,247)	16,149

The notes on pages 14 to 30 form part of these financial statements.

A.S.H.S. Limited

Consolidated statement of cash flows for the year ended 26 December 2015

	Note	2015 £'000	2015 £'000	2014 (as restated note 28) £'000	2014 (as restated note 28) £'000
Cash flows from operations	24	(5,877)		(7,734)	
Taxation paid		(27)		201	
Interest paid		(202)		(95)	
Net cash from operating activities			(6,106)		(7,628)
Cash flows from investing activities					
Interest received		132		82	
Purchase of tangible fixed assets	9	(942)		(2,015)	
Proceeds on disposal of fixed assets		1		12	
Cash paid on acquisition	25	-		(5,039)	
Cash acquired with subsidiary undertakings		-		400	
Net cash from investing activities			(809)		(6,560)
Cash flows from financing activities					
New loans in year		2,000		-	
Loan repayments in year		(173)		(1,071)	
Issue of preference share capital	19	-		24,200	
Exercise of share options		99		-	
Net cash from financing activities			1,926		23,129
Net (decrease)/increase in cash and cash equivalents			(4,989)		8,941
Cash and cash equivalents at beginning of the year			8,479		203
Foreign exchange gains and losses			(28)		(665)
Cash and cash equivalents at end of year			3,462		8,479
Cash and cash equivalents comprise:					
Cash at bank and in hand			3,462		8,479

The notes on pages 14 to 30 form part of these financial statements.

A.S.H.S. Limited

Company statement of financial position at 26 December 2015

Company number 03142746	Note	2015	2015	2014 (as restated note 28)	2014 (as restated note 28)
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		2,207		2,607
Investments	10		4,980		4,980
			7,187		7,587
Current assets					
Stocks	11	9,653		8,170	
Debtors - due in less than one year	12	6,135		7,092	
Debtors - due in greater than one year	12	1,268		2,138	
		7,403		9,230	
Cash at bank and in hand		2,702		8,184	
		19,758		25,584	
Creditors: amounts falling due within one year	13	(6,187)		(6,791)	
Net current assets			13,571		18,793
Total assets less current liabilities			20,758		26,380
Creditors: amounts falling due after more than one year	14		(2,703)		(1,175)
Net assets			18,055		25,205
Capital and reserves					
Called up share capital	19		76		76
Share premium			99		-
Preference share capital			24,200		24,200
Capital redemption reserve			21		21
Profit and loss account			(6,341)		907
Shareholders' funds			18,055		25,204

The financial statements were approved by the Board of Directors and authorised for issue on 13 September 2016

A Hindmarch
Director

H J Seymour
Director

The notes on pages 14 to 30 form part of these financial statements.

A.S.H.S. Limited

Company statement of changes in equity for the year ended 26 December 2015

Company	Share capital	Share premium	Preference share capital	Capital redemption reserve	Profit and loss account (as restated note 28) £'000	Total equity (as restated note 28) £'000
	£'000	£'000	£'000	£'000		
1 January 2014	76	-	-	21	7,590	7,687
Comprehensive income for the year						
Loss for the year	-	-	-	-	(6,683)	(6,683)
Total comprehensive income for the year	-	-	-	-	(6,683)	(6,683)
Contributions by and distributions to owners						
Issue of preference shares	-	-	24,200	-	-	24,200
Contributions by and distributions to owners	-	-	24,200	-	-	24,200
31 December 2014	76	-	24,200	21	907	25,204
1 January 2015	76	-	24,200	21	907	25,204
Comprehensive income for the year						
Loss for the year	-	-	-	-	(7,248)	(7,248)
Total comprehensive income for the year	-	-	-	-	(7,248)	(7,248)
Contributions by and distributions to owners						
Exercise of share options	-	99	-	-	-	99
Contributions by and distributions to owners	-	99	-	-	-	99
26 December 2015	76	99	24,200	21	(6,341)	18,055

The notes on pages 14 to 30 form part of these financial statements.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with FRS102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The directors have taken the option within section 390 of the Companies Act 2006 to prepare their financial statements up to a date 7 days either side of the company's accounting reference date of 31 December 2015, and these accounts therefore cover the period from 1 January 2015 to 26 December 2015 (2014 – 1 January 2014 to 31 December 2014).

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiary undertakings). Where necessary adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The parent company has not presented its own income statement and related notes as permitted by Section 408 of the Companies Act 2006.

Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised to 'administrative expenses' over 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

1 Accounting policies (continued)

Intangible assets (continued)

b) Acquired leases

Property leases acquired have been separated from goodwill. They are recognised at fair value and amortised over the lengths of the leases.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Revenue recognition

Revenue is recognised at the point where risk and rewards transfer to the customer, which is at the point of sale for retail store sales and at the point of despatch for wholesale and website sales.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	-	Depreciated over the period of the lease and written off over period of lease
Fixtures and fittings	-	25% on cost

The fixtures and fittings category is inclusive of computer equipment.

Website development costs

Where group companies' websites are expected to generate future revenues in excess of the costs of developing those websites, expenditure on the functionality of the website is capitalised and treated as a tangible fixed asset. Expenditure incurred on maintaining websites is written off as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (*continued*)

1 Accounting policies (*continued*)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

The results of overseas operations are translated at the average rates of exchange during the year and the statement of financial position translated into sterling at the rates of exchange ruling at the statement of financial position date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are recognised in other comprehensive income.

Leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease. Reverse premiums and similar incentives received to enter into operating lease agreements are released to the income statement on a straight-line basis over the lease term.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Pensions

The company operates a money purchase pension scheme for certain employees. The cost of the contribution is charged to the income statement as incurred.

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- Convertible debt option reserve represents the equity component of convertible debt instruments.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Judgements in applying accounting policies and key sources of estimation

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. No assets, including goodwill, were found to require an impairment.
- Stock provisioning: Careful consideration is made as to the requirement for provisioning for both Finished Goods and Raw Materials, based on factors including type of material and stock aging. There is a provision against stock at 26 December 2015 of £944,000 (2014 - £1,460,000) in the Group and of £688,000 (2014 - £666,000) in the Company.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

2 Turnover

The total turnover of the Group for the year, which is stated net of value added tax, represents amounts invoiced to third parties, derived from its principal continuing activity.

	2015 £'000	2014 £'000
Analysis by geographical market:		
United Kingdom	12,118	11,907
Rest of Europe	3,130	2,112
Japan	11,627	8,703
Rest of World	7,475	5,709
	<u>34,350</u>	<u>28,431</u>

3 Employees

	2015 £'000	2014 £'000
Staff cost consist of:		
Wages and salaries	9,057	8,704
Social security costs	652	615
Pension cost	102	132
	<u>9,811</u>	<u>9,451</u>

The average monthly number of employees (including directors) during the year was as follows:

	2015 Number	2014 Number
Sales and distribution	173	168
Administration	113	113
	<u>286</u>	<u>281</u>

4 Directors' remuneration

	2015 £'000	2014 £'000
Directors' remuneration	641	622
Pension contributions	16	25
Compensation for loss of office	176	-
	<u>833</u>	<u>647</u>

Pension contributions are made to 3 directors (2014 - 3). During the year no directors were granted share options (2014 - None).

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (*continued*)

4 Directors' remuneration (*continued*)

	2015 £'000	2014 £'000
Information regarding the highest paid director:		
Emoluments	313	313
Pension contributions	6	15

Key management personnel are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the group.

The directors are considered to represent the key management of the group and therefore the directors' remuneration represents the remuneration of key management.

5 Operating loss

	2015 £'000	2014 £'000
This is arrived at after charging/(crediting):		
Other operating leases	3,025	2,836
Depreciation - owned assets	1,590	1,171
Amortisation of goodwill	104	87
Amortisation of intangibles acquired	128	298
(Gain)/loss on foreign exchange	(201)	98
Loss / (profit) on disposal of assets	5	(3)
Auditors' remuneration	55	72
Auditors' remuneration – taxation	15	13
Gain on forward currency contracts	(5)	(145)
Exceptional costs	176	-

Other income £80,000 (2014 - £273,000) in both years relates to compensation income received in the year. Exceptional costs relate to compensation for loss of office payments made in the year.

6 Interest payable and similar charges

	2015 £'000	2014 £'000
Bank interest	166	125
Invoice discounting facility charges	36	28
	202	153

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

7 Taxation on loss on ordinary activities

	2015 £'000	2014 £'000
Analysis of credit in the year		
<i>UK corporation tax</i>		
Adjustment in respect of previous periods	-	(2)
Overseas tax	53	3
	<hr/>	<hr/>
Total current tax	53	1
Current period deferred tax movements (note 18)	-	-
	<hr/>	<hr/>
Taxation on loss on ordinary activities	53	1
	<hr/>	<hr/>

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to the loss before tax. The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(6,334)	(8,436)
Tax at 20.25% (2014 - 21.49%) thereon	(1,283)	(1,813)
Effect of:		
Expenses not deductible for tax purposes	171	147
Differences between capital allowances and depreciation	-	98
Fixed asset differences	21	29
Other short term timing differences	28	18
Adjustments in respect of prior periods	-	(2)
Overseas tax	(38)	(42)
Deferred tax not recognised	715	1,564
Other permanent differences	-	2
Adjustments to tax rates	439	-
	<hr/>	<hr/>
	53	1
	<hr/>	<hr/>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

8 Intangible assets

Group	Goodwill (as restated note 28) £	Acquired leases (as restated note 28) £	Total (as restated note 28) £
<i>Cost</i>			
At 1 January 2015 and 26 December 2015	1,043	449	1,492
<i>Amortisation</i>			
At 1 January 2015	87	298	385
Charge for the year	104	128	232
At 26 December 2015	191	426	617
<i>Net book value</i>			
At 26 December 2015	852	23	875
At 31 December 2014	956	151	1,107

9 Tangible assets

Group	Short leasehold £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 1 January 2015	4,512	5,026	9,538
Additions	428	514	942
Disposals	(23)	(65)	(88)
Currency differences	8	19	27
At 26 December 2015	4,925	5,494	10,419
<i>Depreciation</i>			
At 1 January 2015	2,322	2,629	4,951
Charge for year	584	1,006	1,590
Disposals	(20)	(64)	(84)
Currency differences	28	(5)	23
At 26 December 2015	2,914	3,566	6,480
<i>Net book value</i>			
At 26 December 2015	2,011	1,928	3,939
At 31 December 2014	2,190	2,397	4,587

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 26 December 2015 (*continued*)

9 Tangible assets (*continued*)

Company	Short leasehold £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 1 January 2015	2,346	4,566	6,912
Additions	337	439	776
Disposals	-	(3)	(3)
	<hr/>	<hr/>	<hr/>
At 26 December 2015	2,683	5,002	7,685
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2015	1,789	2,516	4,305
Charge for the year	304	872	1,176
Disposals	-	(3)	(3)
	<hr/>	<hr/>	<hr/>
At 26 December 2015	2,093	3,385	5,478
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 26 December 2015	590	1,617	2,207
	<hr/>	<hr/>	<hr/>
At 31 December 2014	557	2,050	2,607
	<hr/>	<hr/>	<hr/>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

10 Investments

Company	Shares in group undertakings £'000
<i>Cost and net book value</i>	
At 1 January 2016	4,980
Additions	-
	<hr/>
At 26 December 2016	4,980
	<hr/>

The Company's investments at the statement of financial position date in the share capital of subsidiary companies include the following:

<i>Subsidiary undertakings</i>	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
ASHS East Coast Limited	England and Wales	100%	Non-Trading company
ASHS USA Limited	England and Wales	100%	Trading company
ASHS New York Inc	United States of America	100%	Dormant
Anya Hindmarch Ltd	England and Wales	100%	Dormant
ASHS Japan Holdings Ltd	Japan	100%	Holding company
<i>Indirect share holding</i>			
ASHS Nevada LLC	United States of America	100%	Dormant
Madison LLC	United States of America	100%	Lease holding company
Downtown LLC	United States of America	100%	Dormant
Anya Hindmarch Japan Inc	Japan	100%	Trading company

On 1 March 2014, the newly-formed holding company ASHS Japan Holdings Limited, a 100% subsidiary of ASHS Limited, acquired 100% of ASHS Limited's former franchisee Anya Hindmarch Japan Inc (AHJ) for £4,760,804 paid by cash.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

11 Stocks

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Raw materials	3,108	2,264	3,108	2,041
Finished goods	10,620	10,323	6,545	6,129
	<u>13,728</u>	<u>12,587</u>	<u>9,653</u>	<u>8,170</u>

12 Debtors

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Trade debtors	1,638	1,255	1,535	1,202
Amounts owed by group undertakings	-	-	4,551	6,215
Other debtors	2,424	2,593	723	901
Prepayments and accrued income	863	1,209	594	912
	<u>4,925</u>	<u>5,057</u>	<u>7,403</u>	<u>9,230</u>

Included in other debtors is the fair value of forward currency contracts. At the year end, the Group (and Company) had entered into various hedging instruments, to reduce its exposure to movements in the principal exchange rates in which it had transactions. At the year end the fair value of the contracts was £5,000 (2014 - £100).

In the company £1,268,000 (2014: £2,138,000) owed by group undertakings will not be called for payment within one year. All other amounts due for payment within one year.

13 Creditors: amounts falling due within one year

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Bank loans (secured - note 16)	858	559	858	559
Trade creditors	4,645	5,585	3,990	5,146
Taxation and social security	347	150	316	192
Other creditors	1,010	1,010	213	223
Accruals and deferred income	1,183	964	806	663
Corporation tax	34	8	4	8
	<u>8,077</u>	<u>8,276</u>	<u>6,187</u>	<u>6,791</u>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

14 Creditors: amounts falling due after more than one year

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Bank loans (secured - note 16)	703	1,175	703	1,175
Shareholder loans	2,000	-	2,000	-
	<u>2,703</u>	<u>1,175</u>	<u>2,703</u>	<u>1,175</u>

The shareholder loan, signed on 3 September 2015, is an unsecured £5m facility which is due for repayment by October 2019. Each drawdown is due for repayment in equal quarterly instalments starting 12 months after drawdown. Interest is to be charged at 6% per annum.

15 Loan maturity

An analysis of the maturity of the loans is given below:

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Amounts falling due within one year or on demand				
Bank loans	858	559	858	559
Shareholder loans	-	-	-	-
	<u>858</u>	<u>559</u>	<u>858</u>	<u>559</u>
Amounts falling due between one and two years				
Bank loans	559	559	559	559
Shareholder loans	627	-	627	-
	<u>1,186</u>	<u>559</u>	<u>1,186</u>	<u>559</u>
Amounts falling due between two and five years				
Bank loans	144	616	144	616
Shareholder loans	1,373	-	1,373	-
	<u>1,517</u>	<u>616</u>	<u>1,517</u>	<u>616</u>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

16 Secured debts

The following secured debts are included within creditors:

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Bank loans	1,561	1,734	1,561	1,734

The loan facility of £2,200,000 was taken out on 11 February 2012 and has a term of five years from the date of being fully drawn. The interest rate is 2.28% per annum over the Bank's Sterling Base Rate. The loan is repayable in monthly instalments over the 5 year term, commencing one month after the first drawing.

The bank loans are secured by a charge over all the company's assets. In addition the company has entered into a cross guarantee with A.S.H.S. USA Limited and A.S.H.S. East Coast Limited.

17 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Financial assets				
Financial assets measured at amortised cost	7524	12,327	4,960	10,287
Financial liabilities				
Financial liabilities measured at amortised cost	(9,217)	(8,329)	(7,764)	(8,837)

18 Provision for liabilities

The company and group have unrecognised deferred tax assets as detailed below:

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Analysis of deferred tax:				
Depreciation in excess of capital allowances	(417)	(309)	(366)	(273)
Other short term timing differences	(29)	(44)	(29)	(43)
Unutilised tax losses	(5,917)	(5,137)	(2,950)	(2,328)
	(6,363)	(5,490)	(3,345)	(2,644)

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

19 Share capital

	2015 Number	Allotted, issued and fully paid 2014 Number	2015 £	2014 £
Ordinary shares of £1 each	76,143	75,790	76,143	75,790
Preference share capital	24,199,974	24,199,974	24,199,974	24,199,974

Ordinary share issue

On 1 April 2015 share options over 353 shares were exercised for £282.27 per share.

Preference share issue

On 19 February 2014 the Group received additional investment from their existing shareholder Mayhoola through the purchase of 24.2m newly issued convertible preference shares with nominal value of £24.2m. In the event of full conversion this would take their total shareholding to 60%. The right to exercise the conversion is based on triggering events. There was a triggering event in 2015. To date, no conversion rights have been exercised.

20 Share-based payments

A.S.H.S. Limited operates equity-settled share based remuneration schemes for certain employees, the only condition being that the individual in question remains an employee of the Group over the vesting period of the option.

	2015 Weighted average exercise price £	2015 Number	2014 Weighted average exercise price £	2014 Number
Outstanding at the beginning of the year	264.43	1,060	264.43	1,060
Granted during the year	-	-	-	-
Exercised during the year	282.27	353	-	-
Outstanding at the end of the year	256.61	707	264.43	1,060

Of the total number of options outstanding at the end of the year 707 (2014 - 1,057) had vested and were exercisable at the end of the year. None of the options were forfeited or lapsed during the year.

The directors have assessed that any charge relating to the employee services provided in respect of these options is not material and therefore no charge has been made within the financial statements.

On 1 April 2015 an employee exercised the option to acquire 353 Ordinary B Shares in the Company at £282.27 per share.

21 Loss of parent company

As permitted by Section 408 of the Companies Act 2006 the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £7,248,000 (2014 - £6,683,000 as revised for FRS 102 adjustments).

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

22 Commitments under operating leases

The group and the company had minimum lease payments under non-cancellable operating leases as set out below:

Group	Land and buildings 2015 £'000	Other 2015 £'000	Land and buildings 2014 £'000	Other 2014 £'000
Not later than one year	2,413	858	2,784	852
Later than one year and not later than five years	7,537	967	8,229	1,300
Later than five years	2,680	-	4,185	-
	<u>12,630</u>	<u>1,825</u>	<u>15,198</u>	<u>2,152</u>
Company				
Not later than one year	1,251	520	1,258	489
Later than one year and not later than five years	3,410	535	3,863	659
Later than five years	405	-	1,038	-
	<u>5,066</u>	<u>1,055</u>	<u>6,159</u>	<u>1,148</u>

23 Related party transactions

Payments have been made in the period in respect of consultancy services received during the year from M W Hindmarch, a related party by virtue of his shareholding. These payments totalled £6,000 for the year (2014 - £7,000), the balance owed at the year-end was £nil (2014 - £1,000).

A shareholder loan facility was signed on 3 September 2015. There was a drawdown of £2,000,000 in the year (2014 - £nil), the loan balance at year end was £2,000,000 (2014 - £nil).

The above transactions were undertaken in the normal course of trading.

The company has taken advantage of the exemption not to disclose any transactions with entities that are included in the consolidated financial statements on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included within those financial statements.

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 26 December 2015 (*continued*)

24 Cashflows from operating activities

	2015	2014 (as restated note 28)
	£	£'000
Loss for the financial year	(6,203)	(8,553)
Depreciation	1,590	1,171
Amortisation	232	385
Gain on forward currency contracts	(5)	(145)
Foreign exchange on intergroup balances	(80)	343
Loss/(profit) on disposal of fixed assets	4	(3)
Increase in stocks	(1,141)	(1,197)
Decrease/(increase) in debtors	127	(100)
(Decrease)/increase in creditors	(524)	293
Net interest payable	70	71
Taxation expense	53	1
	<hr/>	<hr/>
Net cash outflow from operations	(5,877)	(7,734)
	<hr/>	<hr/>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

25 Acquisitions

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Acquisition costs			278
Cash consideration			4,761
			<hr/>
Total consideration			5,039
			<hr/>
Fixed assets			
Tangible	170	(2)	168
Intangible (Note 8)	-	449	449
	<hr/>	<hr/>	<hr/>
	170	447	617
	<hr/>	<hr/>	<hr/>
Current assets			
Stocks	3,339	-	3,339
Debtors	2,112	(62)	2,050
Cash	400	-	400
	<hr/>	<hr/>	<hr/>
	5,851	(62)	5,789
	<hr/>	<hr/>	<hr/>
Current liabilities	(2,247)	(60)	(2,307)
Non-current liabilities	(103)	-	(103)
	<hr/>	<hr/>	<hr/>
Total Net assets	3,671	325	3,996
	<hr/>	<hr/>	<hr/>
Goodwill			1,043
			<hr/>
Total			5,039
			<hr/>

The entire share capital of Anya Hindmarch Japan Inc was purchased on 1 March 2014 by ASHS Japan Holdings Limited (the newly formed holding company, a 100% subsidiary of ASHS Ltd) for a total consideration of £5,038,502.

Japan was purchased on the first day of its new financial year. For its year ended February 2014, turnover was JPY 1,807 million, operating loss JPY 342 million, loss before tax JPY 382 million, and a tax credit of JPY 2 million.

The turnover of AH Japan Holdings Group for the period from the date of acquisition to the statement of financial position date included in the consolidated financial statements was £8,116,000. It contributed £(3,515,000) to the Group's net operating cash flows and paid £nil in respect of interest, £nil in respect of tax and £641,000 in respect of capital expenditure. The loss after taxation of £1,116,000 for the period from the date of acquisition to the statement of financial position date was included in the consolidated financial statements.

The Intangible Asset Fair Value adjustment relates to the Fair Value of the acquired store leases which are separately identifiable under FRS102.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 26 December 2015 (continued)

26 Contingent liabilities

At the year end the group (and company) has issued letters of credit for the sum of £4,596,000 (2014 - £3,477,000).

Arrangements also exist with current key management whereby payments are payable in the event of a sale or listing. This compensation has been accounted for as a cash settled share based payment arrangement. No expense has been recognised to date, as management have assessed the probability of a pay-out at the moment as remote.

27 Ultimate controlling party

In the opinion of the board of directors, Ms A Hindmarch and the Executive controls the operations of the company. The ultimate controlling party is Mayhoola by virtue of their shareholding in ordinary and preference shares.

28 First time adoption of FRS 102

Group

	Note	Equity as at 1 January 2014 £'000	Loss for year ended 31 December 2014 £'000	Equity as at 31 December 2014 £'000
As previously stated under former UK GAAP		7,313	(8,437)	22,627
Transitional adjustments				
Fair value adjustment on forward currency contracts	a	(145)	145	-
Recognition of identifiable intangibles	b	-	(261)	(261)
As stated in accordance with FRS 102		7,168	(8,553)	22,366

Explanation of changes to previously reported profit and equity

- FRS 102 requires hedging instruments to be carried at fair value through profit and loss. Under previous UK GAAP these contracts were not held at fair value on the balance sheet. This change has decreased the reported loss for the year ended 31 December 2014 but has not affected the balance sheet at year end.
- FRS 102 requires recognition of identifiable intangibles on a business combination that can be measured reliably at fair value. Under previous UK GAAP intangible assets were not recognised separately from goodwill. This has resulted in an intangible asset in respect of the leases acquired with the Japanese acquisition (note 26) being recognised (£449,000) this is then amortised over the remaining lease length resulting in an increased amortisation charge for 2014 (£261,000).