

A.S.H.S. Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 03142746

FRIDAY



L6G0T1BT

L16

29/09/2017

#240

COMPANIES HOUSE

A.S.H.S. Limited

Report and financial statements for the year ended 31 December 2016

Contents

Page:

1	Strategic report
4	Report of the directors
6	Independent auditor's report
8	Consolidated statement of comprehensive income
9	Consolidated statement of financial position
10	Consolidated statement of changes in equity
11	Consolidated statement of cash flows
12	Company statement of financial position
13	Company statement of changes in equity
14	Notes forming part of the financial statements

Directors

A S Seymour
H J Seymour
M W Hindmarch
M Ragy
S Sassi
F Giannaccari

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 31 December 2016

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2016.

Highlights

- Turnover growth of +20% to £41.3m
- Strong reception of SS16 / AW16 collections, translating into higher sales
- Wholesale revenues up 72% to £15.5m
- 2 new stores opened in LA and Hong Kong and 3 concessions opened in Takashimaya Singapore, Galeries Lafayette Paris and Harvey Nichols London.
- Launched two new categories - footwear and RTW
- EBITDA ("Earnings Before Interest, Tax, Depreciation & Amortisation and Exceptional Items") losses amounted to £8.1m, reflecting focused investment in the business
- Mayhoola for Investments LLC remain long term strategic investor.

Financial overview

- Continued sales growth, up 20% to £41.3m (2015 £34.3m)
- Wholesale revenues up 72% to £15.5m
- Online sales up 32% to £3.9m
- Gross profit £21.8m (2015 £21.7m) reflecting investment in product and supply chain as well as foreign exchange effects
- EBITDA loss of £8.1m (2015 loss of £4.4m) as a result of focused investment in the business, including new product categories footwear and outerwear

Strategic & operational progress

- Investment in creative and marketing delivering strong sales growth:
 - London Fashion Week shows praised for their creativity and collections.
 - Marketing focus on retail activation with strategic partners including AW16 Pixelation pop ups in 5 Lane Crawford stores across China and Hong Kong and with Isetan in Tokyo and Hankyu in Osaka. These featured the Brands first digital app – PIX by Anya
- Entry into new product categories:
 - Launch of footwear category with slides and sneakers providing an accessible entry point to the Brand.
 - Initial figures indicating strong potential for this category with retail growth from £790k to £2.5m since the launch in SS16.
 - Strong launch of RTW in AW16 - the PacMan coat a particular hit as seen on Karlie Kloss
 - The Brands signature Eyes collection worn by Chinese actress Zhang Ziyi leading to the collection selling out in stores with higher Chinese traffic
- New flagship store openings on Melrose Place in Los Angeles, and a second Hong Kong store in Landmark
- Entry into Korean market with Shinsegae International opening two new stores in Seoul
- New concessions opened in Galeries Lafayette Paris, Harvey Nichols London and Takashimaya Singapore
- The Group also launched in Bergdorf Goodman and increased presence in Selfridges' new accessories hall
- Replatforming of Group's Ecommerce website delivering strong online sales uplift, with further developments planned
- Francesco Giannaccari joined the company as Chief Executive Officer in March 2017, was appointed to the board on (21 June 2017) and is focused on growth and international expansion

Investment

The Group is focused on executing an ambitious and sustainable growth strategy to build a global footprint for the brand. This has been supported by significant investment in new store openings, people, product collections, marketing & PR and infrastructure. This investment continues to reinforce and build the brand's clear position in the market, and maintain Anya Hindmarch's culture of innovation and modernity founded in the traditions of craftsmanship.

A.S.H.S. Limited

Strategic report for the year ended 31 December 2016 (*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. 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, France 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 currently sold under licence.

This year Anya Hindmarch won two prestigious awards: Elle's Accessory Designer of the Year award and Walpole's Digital Innovation in British Luxury.

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 non voting convertible preference shares. These shares were converted into Ordinary shares in December 2016. 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 building shareholder value through revenue growth and ultimately profitability.

Principal Risks and Uncertainties

Marketplace

The luxury accessories business is highly competitive and presents a number of operational risks characteristic of this sector. It is also a marketplace that is undergoing considerable and far-reaching change.

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.

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 weekly 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 contracts in US Dollars and Euros on a percentage of its purchases. Unfortunately the unprecedented exchange rate movements during the year meant that not all purchases were adequately hedged. Since the acquisition of the Japan franchise in 2015, the Group is also exposed to translational risk on movements between JPY/GBP exchange rates.

A.S.H.S. Limited

Strategic report for the year ended 31 December 2016 (*continued*)

Principal Risks and Uncertainties (*continued*)

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 a 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

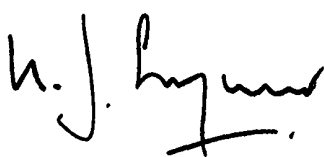
The flow of information to staff has been maintained by our company meetings. Members of the management team regularly visit stores and discuss matters of current interest and concern to the business with members of staff.

Going concern

In order to satisfy themselves that the going concern basis of accounting is appropriate the Directors have secured a letter of support from the Group's majority shareholder, Mayhoola for Investments LLC, undertaking that they will continue to support the Group in respect of additional funding requirements that may be required by the business in the period to September 2018, as more fully explained in note 1.

Approval

This strategic report was approved by order of the Board on 28 September 2017



H J Seymour
Director

A.S.H.S. Limited

Report of the directors for the year ended 31 December 2016

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

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 (2015 - £Nil).

Directors

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

A S Seymour	
H J Seymour	
H E Wright	(resigned 27 March 2017)
M W Hindmarch	
M Ragy	
S Sassi	
F Giannaccari	(appointed 21 June 2017)

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

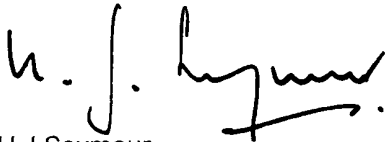
Report of the directors for the year ended 31 December 2016 (*continued*)

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

A handwritten signature in black ink, appearing to read 'H. J. Seymour', with a stylized flourish at the end.

H J Seymour
Director

28 September 2017

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 31 December 2016 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).

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 31 December 2016 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, based on the work undertaken in the course of the audit:

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

A.S.H.S. Limited

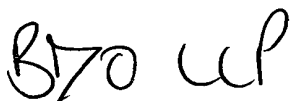
Independent auditor's report (*continued*)

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 the directors' report.

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*

28 September 2017

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 31 December 2016

	Notes	2016 £'000	2015 £'000
Turnover	2	41,305	34,350
Cost of sales		(19,458)	(12,577)
Gross profit		21,847	21,773
Administrative expenses		(33,205)	(28,117)
Other income	5	47	80
Loss on ordinary activities before interest	5	(11,311)	(6,264)
Loss on ordinary activities before interest analysed as:			
EBITDA		(8,093)	(4,376)
("Earnings before interest, tax, depreciation and amortisation")			
Exceptional items		(653)	(176)
Foreign exchange gains		222	201
Depreciation and impairment		(2,660)	(1,590)
Amortisation		(127)	(323)
Interest receivable and similar income		-	132
Interest payable and similar charges	7	(548)	(202)
Loss on ordinary activities before taxation		(11,859)	(6,334)
Taxation charge on loss from ordinary activities	8	(56)	(53)
Loss for the financial year		(11,915)	(6,387)
Currency translation differences		327	71
Other comprehensive income for the year		327	71
Total comprehensive income for the year		(11,588)	(6,316)

All amounts relate to continuing activities.

The notes on pages 14 to 32 form part of these financial statements.

A.S.H.S. Limited

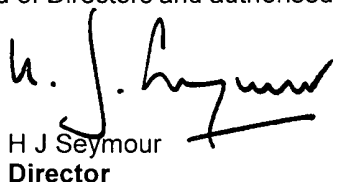
Consolidated statement of financial position at 31 December 2016

	Notes	2016 £'000	2016 £'000	2015 £'000 <i>Restated</i>	2015 £'000 <i>Restated</i>
Fixed assets					
Intangible assets	9		802		875
Tangible assets	10		3,982		3,939
			4,784		4,814
Current assets					
Stocks	12	19,317		13,728	
Debtors	13	8,557		4,925	
Cash at bank and in hand		2,339		3,462	
		30,213		22,115	
Creditors: amounts falling due within one year	14	(26,888)		(8,077)	
Net current assets			3,325		14,038
Total assets less current liabilities			8,109		18,852
Creditors: amounts falling due after more than one year	15		(3,548)		(2,703)
Net assets			4,561		16,149
Capital and reserves					
Called up share capital	20		117		76
Share premium			24,258		24,258
Preference share capital			-		41
Capital redemption reserve			21		21
Profit and loss account			(19,835)		(8,247)
Shareholders' funds			4,561		16,149

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2017


A S Seymour
Director

Company number 03142746


H J Seymour
Director

The notes on pages 14 to 32 form part of these financial statements.

A.S.H.S. Limited

Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital £'000	Share premium £'000 <i>Restated</i>	Preference share capital £'000 <i>Restated</i>	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
1 January 2015	76	24,159	41	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	24,258	41	21	(8,247)	16,149
27 December 2015	76	24,258	41	21	(8,247)	16,149
Comprehensive income for the year						
Loss for the year	-	-	-	-	(11,915)	(11,915)
Currency translation differences	-	-	-	-	327	327
Total comprehensive income for the year	-	-	-	-	(11,588)	(11,588)
Contributions by and distributions to owners						
Conversion of preference shares	41	-	(41)	-	-	-
Contributions by and distributions to owners	41	-	(41)	-	-	-
31 December 2016	117	24,258	-	21	(19,835)	4,561

The notes on pages 14 to 32 form part of these financial statements.

A.S.H.S. Limited

Consolidated statement of cash flows for the year ended 31 December 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Cash flows from operations	25	(15,224)		(5,877)	
Taxation paid		(10)		(27)	
Interest paid		(408)		(202)	
Net cash from operating activities			(15,642)		(6,106)
Cash flows from investing activities					
Interest received		-		132	
Purchase of intangible fixed assets	9	(54)		-	
Purchase of tangible fixed assets	10	(2,575)		(942)	
Proceeds on disposal of fixed assets		-		1	
Net cash from investing activities			(2,629)		(809)
Cash flows from financing activities					
New loans in year		24,814		2,000	
Loan repayments in year		(8,083)		(173)	
Exercise of share options		-		99	
Net cash from financing activities			16,731		1,926
Net decrease in cash and cash equivalents			(1,540)		(4,989)
Cash and cash equivalents at beginning of the year			3,462		8,479
Foreign exchange gains and losses			417		(28)
Cash and cash equivalents at end of year			2,339		3,462
Cash and cash equivalents comprise:					
Cash at bank and in hand			2,339		3,462

The notes on pages 14 to 32 form part of these financial statements.

A.S.H.S. Limited

Company statement of financial position at 31 December 2016

	Notes	2016 £'000	2016 £'000	2015 £'000 <i>Restated</i>	2015 £'000 <i>Restated</i>
Fixed assets					
Intangible assets	9		54		-
Tangible assets	10		2,174		2,207
Investments	11		4,980		4,980
			7,208		7,187
Current assets					
Stocks	12	14,051		9,653	
Debtors - due in less than one year	13	12,523		6,135	
Debtors - due in greater than one year	13	28		1,268	
		12,551		7,403	
Cash at bank and in hand		1,981		2,702	
		28,583		19,758	
Creditors: amounts falling due within one year	14	(24,323)		(6,187)	
Net current assets			4,260		13,571
Total assets less current liabilities			11,468		20,758
Creditors: amounts falling due after more than one year	15		(3,548)		(2,703)
Net assets			7,920		18,055
Capital and reserves					
Called up share capital	20		117		76
Share premium			24,258		24,258
Preference share capital			-		41
Capital redemption reserve			21		21
Profit and loss account			(16,476)		(6,341)
Shareholders' funds			7,920		18,055

The Group loss for the year includes a loss after tax of £10,135,000 (2015: £7,248,000) in respect of the parent company.

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2017


A S Seymour
Director


H J Seymour
Director

Company number 03142746

The notes on pages 14 to 32 form part of these financial statements.

A.S.H.S. Limited

Company statement of changes in equity for the year ended 31 December 2016

	Share capital £'000	Share premium £'000 <i>Restated</i>	Preference share capital £'000 <i>Restated</i>	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
1 January 2015	76	24,159	41	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	24,258	41	21	(6,341)	18,055
27 December 2015	76	24,258	41	21	(6,341)	18,055
Comprehensive income for the year						
Loss for the year	-	-	-	-	(10,135)	(10,135)
Total comprehensive income for the year	-	-	-	-	(10,135)	(10,135)
Contributions by and distributions to owners						
Conversion of preference shares	41	-	(41)	-	-	-
Contributions by and distributions to owners	41	-	(41)	-	-	-
31 December 2016	117	24,258	-	21	(16,476)	7,920

The notes on pages 14 to 32 form part of these financial statements.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016

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 2016, and these accounts therefore cover the period from 27 December 2015 to 31 December 2016 (2015 – 1 January 2015 to 26 December 2015).

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.

Going Concern

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements and if necessary to explain how they have reached their conclusion.

The Group made a loss for the financial year of £11.9m for the year ended 31 December 2016 and had net current assets of £3.3m and net assets of £4.6m as at that date. Since then Mayhoola for Investment LLC advanced a further unsecured shareholder loan of £5m which is due for repayment by January 2021 and on 24 July 2017 subscribed for a further 28,688 Ordinary A shares of £1 each for a consideration of £11m.

The Directors have prepared a cash flow forecast for the period to September 2018 and a strategic plan and projections through to December 2020 which indicates further funding requirements in the period to September 2018.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Going concern (continued)

In order to satisfy themselves that the going concern basis remains appropriate the Directors have requested and been granted a letter of support from the Group's majority shareholder, Mayhoola for Investment LLC, that they undertake to support the Group in respect of any additional funding that will be required to support the business during the next 12 months through to September 2018.

Accordingly, the Directors consider the Group will continue as a going concern, meeting its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

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.

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.

c) Other intangibles

Other intangible assets comprise costs incurred to develop a homewares range and are stated at cost less accumulated amortisation. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful life of 3 years.

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.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

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.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on the estimated selling price less costs to sell.

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 31 December 2016 (*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 accumulated impairment. The carrying value of assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. 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.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

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.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

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.
- 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.

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.

	2016 £'000	2015 £'000
Analysis by geographical market:		
United Kingdom	12,977	12,118
Rest of Europe	5,993	3,130
Japan	12,338	11,627
Rest of World	9,997	7,475
	41,305	34,350

3 Employees

	2016 £'000	2015 £'000
Staff cost consist of:		
Wages and salaries	10,611	9,057
Social security costs	730	652
Pension cost	158	102
	11,499	9,811

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

	2016 Number	2015 Number
Sales and distribution	177	173
Administration	130	113
	307	286

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

4 Directors' remuneration

	2016 £'000	2015 £'000
Directors' remuneration	807	641
Pension contributions	22	16
Compensation for loss of office	-	176
	<u>829</u>	<u>833</u>

Pension contributions are made to 3 directors (2015 - 3). During the year no directors were granted share options (2015 - None).

	2016 £'000	2015 £'000
Information regarding the highest paid director:		
Emoluments	448	313
Pension contributions	10	6
	<u>458</u>	<u>319</u>

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

	2016 £'000	2015 £'000
This is arrived at after charging/(crediting):		
Other operating leases	4,311	3,025
Depreciation - owned assets	1,616	1,590
Depreciation - impairment	1,044	-
Amortisation of goodwill	104	104
Amortisation of intangibles acquired	23	128
Gain on foreign exchange	(222)	(201)
Loss on disposal of assets	3	4
Auditors' remuneration	89	55
Auditors' remuneration - taxation	66	19
	<u>6,928</u>	<u>5,620</u>

Other income £46,642 (2015 - £80,000) in both years relates to compensation income received in the year.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

6 Exceptional items

	2016 £'000	2015 £'000
Exceptional items included within administrative expenses are detailed as follows:		
Executive team reorganisation costs	327	176
New store concept development	226	-
Financial and strategic advice	100	-
	<u>653</u>	<u>176</u>

7 Interest payable and similar charges

	2016 £'000	2015 £'000
Bank interest	90	166
Shareholder loan interest	385	-
Invoice discounting facility charges	73	36
	<u>548</u>	<u>202</u>

8 Taxation on loss on ordinary activities

	2016 £'000	2015 £'000
Analysis of credit in the year		
<i>UK corporation tax</i>		
Adjustment in respect of previous periods	(4)	-
Overseas tax	60	53
	<u>56</u>	<u>53</u>
Total current tax	56	53
Current period deferred tax movements (note 19)	-	-
	<u>56</u>	<u>53</u>
Taxation on loss on ordinary activities	56	53

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 *(continued)*

8 Taxation on loss on ordinary activities *(continued)*

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:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(11,859)	(6,334)
Tax at 20% (2015 – 20.25%) thereon	(2,372)	(1,283)
Effect of:		
Expenses not deductible for tax purposes	777	171
Income not taxable for tax purposes	(650)	-
Fixed asset differences	154	21
Other short term timing differences	-	28
Adjustments in respect of prior periods	(4)	-
Overseas tax	60	(38)
Deferred tax not recognised	1,582	715
Other permanent differences	68	-
Adjustments to tax rates	441	439
	<hr/>	<hr/>
	56	53
	<hr/>	<hr/>

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

9 Intangible assets

Group	Goodwill £'000	Acquired leases £'000	Other Intangibles £'000	Total £'000
<i>Cost</i>				
At 27 December 2015	1,043	449	-	1,492
Additions	-	-	54	54
At 31 December 2016	1,043	449	54	1,546
<i>Amortisation</i>				
At 27 December 2015	191	426	-	617
Charge for the year	104	23	-	127
At 31 December 2016	295	449	-	744
<i>Net book value</i>				
At 31 December 2016	748	-	54	802
At 26 December 2015	852	23	-	875

Company	Other Intangibles £'000	Total £'000
<i>Cost</i>		
At 27 December 2015	-	-
Additions	54	54
At 31 December 2016	54	54
<i>Amortisation</i>		
At 27 December 2015	-	-
Charge for the year	-	-
At 31 December 2016	-	-
<i>Net book value</i>		
At 31 December 2016	54	54
At 26 December 2015	-	-

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

10 Tangible assets

Group	Short leasehold £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 27 December 2015	4,925	5,494	10,419
Additions	1,443	1,132	2,575
Disposals	(467)	(357)	(824)
Currency differences	290	113	403
	<hr/>	<hr/>	<hr/>
At 31 December 2016	6,191	6,382	12,573
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 27 December 2015	2,914	3,566	6,480
Charge for year	498	1,118	1,616
Impairment	1,044	-	1,044
Disposals	(467)	(354)	(821)
Currency differences	219	53	272
	<hr/>	<hr/>	<hr/>
At 31 December 2016	4,208	4,383	8,591
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2016	1,983	1,999	3,982
	<hr/>	<hr/>	<hr/>
At 26 December 2015	2,011	1,928	3,939
	<hr/>	<hr/>	<hr/>

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

10 Tangible assets (*continued*)

Company	Short leasehold £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 27 December 2015	2,683	5,002	7,685
Additions	164	931	1,095
Disposals	-	(335)	(335)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	2,847	5,598	8,445
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 27 December 2015	2,093	3,385	5,478
Charge for the year	177	951	1,128
Disposals	-	(335)	(335)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	2,270	4,001	6,271
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2016	577	1,597	2,174
	<hr/>	<hr/>	<hr/>
At 26 December 2015	590	1,617	2,207
	<hr/>	<hr/>	<hr/>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

11 Investments

Company	Shares in group undertakings £'000
<i>Cost and net book value</i>	
At 27 December 2015	4,980
Additions	-
	<hr/>
At 31 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
A.S.H.S. USA Limited	England and Wales	100%	Trading company
A.S.H.S. New York Inc	United States of America	100%	Dormant
Anya Hindmarch Ltd	England and Wales	100%	Dormant
A.S.H.S. Japan Holdings Ltd	Japan	100%	Holding company
<i>Indirect share holding</i>			
A.S.H.S. Nevada LLC	United States of America	100%	Dormant
A.S.H.S. Madison LLC	United States of America	100%	Lease holding company
A.S.H.S. Downtown LLC	United States of America	100%	Lease holding company
Anya Hindmarch Japan Inc	Japan	100%	Trading company

The registered office address for all subsidiary undertakings incorporated in England and Wales is The Stable Block, Plough Brewery, 516 Wandsworth Road, London, SW8 3JX.

The registered office address for subsidiary undertakings incorporated in the United States of America is:

A.S.H.S. Nevada LLC: c/o CSC Services of Nevada, Inc., 502 East John Street, Carson City, Nevada 89706, USA.

A.S.H.S. Madison LLC: c/o VCorp Agent Services, Inc., 25 Robert Pitt Drive Suite 204, Monsey, New York, 10952, USA.

A.S.H.S. Downtown LLC: 795 Madison Avenue, New York, New York, 10065, USA.

A.S.H.S. New York Inc: 110 Prince Street, New York, NY 10012, USA.

The registered office address for all subsidiary undertakings incorporated in Japan is 3-1-31, Minami Aoyama, Minato-ku, Tokyo, 107-0062, Japan.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

12 Stocks

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Raw materials	2,320	3,108	2,320	3,108
Finished goods	16,997	10,620	11,731	6,545
	<u>19,317</u>	<u>13,728</u>	<u>14,051</u>	<u>9,653</u>

13 Debtors

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade debtors	3,908	1,638	3,637	1,535
Amounts owed by group undertakings	-	-	7,006	4,551
Other debtors	3,015	2,424	704	723
Prepayments and accrued income	1,634	863	1,204	594
	<u>8,557</u>	<u>4,925</u>	<u>12,551</u>	<u>7,403</u>

During the year 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 hedge had matured and the fair value of the contracts was nil (2015 - £5,000).

At 31 December 2016 the Company was owed £28,000 by group undertakings which will not be called for payment within one year (2015: £1,268,000 owed by group undertakings will not be called for payment within one year).

14 Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank loans (secured - note 17)	4,752	858	4,752	858
Trade creditors	7,726	4,645	6,723	3,990
Taxation and social security	178	347	240	316
Other creditors	1,305	1,010	153	213
Accruals and deferred income	1,272	1,183	866	806
Corporation tax	66	34	-	4
Shareholder loan	11,589	-	11,589	-
	<u>26,888</u>	<u>8,077</u>	<u>24,323</u>	<u>6,187</u>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

15 Creditors: amounts falling due after more than one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank loans (secured - note 17)	136	703	136	703
Shareholder loans	3,412	2,000	3,412	2,000
	<u>3,548</u>	<u>2,703</u>	<u>3,548</u>	<u>2,703</u>

The shareholder loan, signed on 3 September 2015, is an unsecured £5m revolving credit 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.

The Company drew down £10m under shareholder term loan facilities during the year. These are due for repayment within one year. These term loans were restructured into a combined unsecured £10m shareholder loan agreement, signed on 16 January 2017, which is due for repayment by January 2020.

16 Loan maturity

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

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Amounts falling due within one year or on demand				
Bank loans	4,752	858	4,752	858
Shareholder loans	11,589	-	11,589	-
	<u>16,341</u>	<u>858</u>	<u>16,341</u>	<u>858</u>
Amounts falling due between one and two years				
Bank loans	136	559	136	559
Shareholder loans	1,686	627	1,686	627
	<u>1,822</u>	<u>1,186</u>	<u>1,822</u>	<u>1,186</u>
Amounts falling due between two and five years				
Bank loans	-	144	-	144
Shareholder loans	1,726	1,373	1,726	1,373
	<u>1,726</u>	<u>1,517</u>	<u>1,726</u>	<u>1,517</u>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

17 Secured debts

The following secured debts are included within creditors:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Invoice Finance Facility	1,505	-	1,505	-
Clean Import Loans	2,698	299	2,698	299
Bank Loan Facility	685	1,262	685	1,262
	<u>4,888</u>	<u>1,561</u>	<u>4,888</u>	<u>1,561</u>

An invoice financing facility has been utilised during the year. There is a liability in relation to the funds in use on this facility of £1,505,000 (2015: nil). This is secured by a charge over the Company's notified receivables.

The Clean Import Loans owing of £2,698,000 (2015: £299,000) are owed to HSBC and are payable within 150 - 190 days of the date of supplier despatch.

A loan facility of £2,200,000 was taken out on 11 February 2012 with a term of five years from the date of being fully drawn (31 March 2017). This was extended to £2,600,000 on 8 March 2013 with a revised term of five years from the date of being fully drawn (31 March 2018). 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 and Clean Import 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.

18 Financial instruments

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

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Financial assets				
Financial assets measured at amortised cost	8,155	7,524	7,526	4,960
Financial liabilities				
Financial liabilities measured at amortised cost	(30,177)	(10,399)	(27,634)	(8,570)

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

19 Provision for liabilities

The Company and Group have unrecognised deferred tax assets as detailed below:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Analysis of deferred tax:				
Depreciation in excess of capital allowances	(634)	(417)	(465)	(366)
Other short term timing differences	(10)	(29)	(6)	(29)
Unutilised tax losses	(8,079)	(5,917)	(4,299)	(2,950)
	<u>(8,723)</u>	<u>(6,363)</u>	<u>(4,770)</u>	<u>(3,345)</u>

20 Share capital

	2016 Number	Allotted, issued and fully paid 2015 Number Restated	2016 £	2015 £ Restated
Ordinary A shares of £1 each	70,225	29,009	70,225	29,009
Ordinary B shares of £1 each	47,134	47,134	47,134	47,134
Total Called up Share Capital	<u>117,359</u>	<u>76,143</u>	<u>117,359</u>	<u>76,143</u>
Non-voting Convertible Preference Shares of £1 each	-	41,216	-	41,216

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 for Investment LLC through the subscription for 41,216 non-voting convertible preference shares with nominal value of £1 each for the amount of £24,199,974. It has been identified during the year that £24,158,758 of share premium was incorrectly presented within share capital in the 2015 financial statements and therefore the comparative results have been restated. There was no impact on the statement of comprehensive income or statement of financial position as a result of the reclassification.

Preference share conversion

On 12 December 2016 the non-voting convertible preference shares were converted into 41,216 Ordinary A Shares of £1 each.

On 24 July 2017 Mayhoola for Investment LLC subscribed for a further 28,688 Ordinary A Shares of £1 each for a consideration of £11 million.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

21 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.

	2016 Weighted average exercise price £	2016 Number	2015 Weighted average exercise price £	2015 Number
Outstanding at the beginning of the year	256.61	707	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	256.61	707

Of the total number of options outstanding at the end of the year 707 (2015 - 707) 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.

22 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 £10,136,000 (2015 - £7,248,000 loss).

23 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 2016 £'000	Other 2016 £'000	Land and buildings 2015 £'000	Other 2015 £'000
Not later than one year	2,576	1,406	2,413	858
Later than one year and not later than five years	8,645	715	7,537	967
Later than five years	3,743	151	2,680	-
	<u>14,964</u>	<u>2,272</u>	<u>12,630</u>	<u>1,825</u>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

23 Commitments under operating leases (continued)

Company	Land and buildings 2016 £'000	Other 2016 £'000	Land and buildings 2015 £'000	Other 2015 £'000
Not later than one year	1,183	1,072	1,251	520
Later than one year and not later than five years	2,615	332	3,410	535
Later than five years	37	151	405	-
	<u>3,835</u>	<u>1,555</u>	<u>5,066</u>	<u>1,055</u>

24 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 £4,500 for the year (2015 - £6,000), the balance owed at the year-end was £1,500 (2015 - £Nil).

Two shareholder loan facilities were signed on 3 September 2015 and 17 January 2017. There was a drawdown of £13,000,000 in the year (2015 - £2,000,000), the loan balance at year end was £15,000,000 (2015 - £2,000,000).

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.

25 Cash flows from operations

	2016 £'000	2015 £'000
Loss for the financial year	(11,915)	(6,387)
Depreciation – owned assets	1,616	1,590
Depreciation - impairment	1,044	-
Amortisation	127	232
Gain on forward currency contracts	(646)	(5)
Foreign exchange on intergroup balances	424	104
Loss on disposal of fixed assets	3	4
Increase in stocks	(5,589)	(1,141)
(Increase) / decrease in debtors	(3,632)	127
Increase / (decrease) in creditors	2,740	(524)
Net interest payable	548	70
Taxation expense	56	53
	<u>(15,224)</u>	<u>(5,877)</u>
Net cash outflow from operations		

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

26 Contingent liabilities

At the year end the group (and company) has issued letters of credit for the sum of £1,633,000 (2015 - £4,596,000).

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.

The Company has provided letters of support to its trading subsidiaries A.S.H.S. USA Ltd and Anya Hindmarch Japan Inc. to provide such financial support that may be required for the period through to 30 September 2018.

27 Ultimate controlling party

The ultimate controlling party is Mayhoola for Investment LLC by virtue of their shareholding.