

A.S.H.S. Limited

Report and Financial Statements

Year Ended

31 December 2013

Company Number 03142746



A.S.H.S. Limited

Report and financial statements for the year ended 31 December 2013

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Directors

A S Hindmarch
H J Seymour
J McArthur
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 31 December 2013

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2013

Business Review

A S H S Limited operates worldwide under the trading name Anya Hindmarch. Ms Anya Hindmarch is the Chairman and Chief Creative Officer of the business, which she founded in 1987 and of which she was Chief Executive Officer until 2011.

Toward the end of 2010, Ms Hindmarch and the other Directors of the Group decided to move towards a growth strategy for the business on the back of re-energising the brand and reaffirming its global positioning. As a first step in that process, Ms Hindmarch decided to consolidate her attention on the creative direction of the Group and to seek a seasoned veteran of the luxury business as Chief Executive Officer to drive and structure the business' strategic development. In 2011, James McArthur joined as Chief Executive in order to allow Ms Hindmarch to focus her efforts on the creative direction of the business. In July 2012, Mayhoola for Investments LLC, a private Qatari investor group, acquired a 38.3% stake in the ordinary shares of the Company, primarily from existing investors. 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.

The principal activity of the Group is the design, development and sale of luxury handbags and accessories. The Group's headquarters and creative workshops are located in London, a strategic choice which inspires much of the distinctly British character and humour of the Anya Hindmarch brand. The Group also manages its product development, production, marketing, digital, commercial and other activities from its London base.

As of May 2014, the Group's products are sold through its network of 55 Anya Hindmarch branded stores, including 45 directly-operated stores and concessions in the UK, Japan, USA, Ireland and Singapore plus its UK, US and Japanese e-commerce sites. Its first UK retail store opened in London in 1993, it has been retailing in New York since 1999 and in Los Angeles since 2000. In March 2014, Anya Hindmarch took over the direct control and operation of its sizeable Japanese business, including 26 mono-brand stores and concessions, which had been run as a franchised business for many years. Anya Hindmarch continues to work closely with its other franchised partners who operate Anya Hindmarch mono-brand stores in Hong Kong (3 stores, the first one in 1996), Malaysia (2 stores) and the Middle East (2 stores). Sales made through or to the Group's own bricks-and-mortar stores, e-commerce site and franchise partners (therefore, in fully-branded Anya Hindmarch store environments) account for approximately 80% of the Group's total revenue. 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.

During 2013, the Group has continued to invest judiciously and consistently in the growth strategy initiated in 2011. Many of these multi-year initiatives have already started to bear fruit in re-energising the brand. These sharply focussed initiatives touch on substantively every part of the Group's organisation and activities as it builds its platform to underpin careful expansion. For example, the creative functions of the business have been reinforced under the leadership of Ms Hindmarch, the industrial backbone and teams of the Group have been strengthened, and significant world class talent has been added in the digital, merchandising, retail operations, IT and other teams in the business. The Group's merchandising focus has been sharpened with a view to growth internationally in the business' most profitable, core product categories, in parallel with a progressive reinforcement of the brand's positioning. A new global retail concept has been developed in collaboration with renowned architect and interior designer Ilse Crawford. 2014 has seen the first stage of the "go-live" of an almost complete replacement of the Group's information systems, touching all parts of the Group's business with a view to moving toward an advanced set of omni-channel solutions.

A.S.H.S. Limited

Strategic report for the year ended 31 December 2013

The Group has also been investing substantially in its distribution network. In August 2013, a 2,200sq ft flagship store was opened at 795 Madison Avenue in New York. This was the first location to offer the full Anya Hindmarch Bespoke service alongside the brand's seasonal collections and to feature the new store design concept. In September 2013, the Bespoke part of this store concept was rolled out to the Bond St store in London, with a full refit to be completed during 2014, while a new concession was also opened in Harvey Nichols in Edinburgh during 2013. Significant Investment has also gone towards updating the Company's digital presence. In May 2013, a completely new digital web platform was launched, with significant benefits not just in the growth of its e-commerce activities but in the reach of the brand's digital voice and content. Further important functionality relating to the Company's "Bespoke" range of products and services is expected to be added to the site during the first half of 2014. During 2013, the e-commerce business grew by 21% over 2012, in the first 4 months of 2014, the growth rate has increased strongly to around 80% relative to the comparable period in 2013.

The very significant investments made in the Group's teams, product collections, marketing & PR and infrastructure since 2011 are part of a deliberate strategy aimed at reinforcing the brand's clear positioning, re-energising the brand and building shareholder value. The Board has implemented this strategy in the clear knowledge that long term value creation relied upon accepting that the business would pass into loss in 2012 and remain in loss for 2013 and 2014. The Board monitors regularly the business' KPIs and is fully aware that losses may continue as further investments are made in the business. Losses during 2013 (EBITDA loss of £3.25M vs loss of £0.4M in 2012) also reflect modest revenue growth, which has been muted at 1% over 2012 in light of the Group's decision to favour product and distribution choices reflective of luxury positioning. For example, the Company decided to terminate the distribution of its products through 5 franchised mono-brand stores in Taiwan from August 2013 as part of its moves to tidy up inappropriate levels of distribution.

As the important investments start to bear fruit, the Group has experienced strong momentum during the first 4 months of 2014 in its retail and e-commerce business across its key global markets, with close to 20% growth on a like-for-like basis in the UK/US as well as in the Japanese business since the beginning of the year.

At the close of the 2013 financial year, the Group had cash balances of £0.7M. The capital increase of £24.2M in February 2014 has added to cash reserves. Part of this cash reserve has been used to fund the Group's continuing investment programme and ongoing operations with a view to raising visibility in key target markets around the world particularly through careful roll-out of the Group's Madison Avenue style of flagship as well as a boost in digital and other marketing & PR. The Directors are confident that the Group has adequate financial reserves and bank facilities to fund its operations.

Strategic Report - Recent and Future Developments

Implementation of the Group's growth strategy has continued steadily during 2014 and the related investment programme is expected to continue for a number of years. Much attention has been given to ensuring that the Group's product collections are carefully merchandised at key price points to serve the needs of the various customer markets around the world, as well as attracting strong media attention.

On the communications front, Anya Hindmarch continues to be the only accessories brand to show its collections through a fashion show on the official London Fashion Week schedule, and does so to great acclaim. Editorial coverage of the brand has been rising strongly, with the brand's bags being worn by a multitude of celebrities and industry influencers – Emma Stone, Jennifer Aniston, Anne Hathaway, Cara Delevingne, The Duchess of Cambridge, Anna Dello Russo and Alexa Chung. The strength of the product collections and shows and the underlying creativity has resulted in waiting lists for key styles from the AW14 "Counter Culture" runway collection shown in February 2014. Demand for the Company's Maxi Zip, and Ebury families in particular also continue to be strong, with waiting lists for certain key styles of the Maxi Zip satchel. The SS14 Crisp Packet clutch has been a key style, appearing in all key fashion titles as a 'must have' of the season and reinforcing the Company's strength in statement clutches. The Company continues to sell to longstanding key wholesale partners such as Net-a-Porter, Selfridges and My Theresa, as well as attracting or strengthening relationships with influential accounts such as Colette and Le Bon Marché in Paris, 10 Corso Como in Seoul and Isetan Shinjuku in Tokyo.

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Strategic report for the year ended 31 December 2013

As of 1 March 2014, the Company, through its newly-formed wholly-owned subsidiary Anya Hindmarch Japan Holdings Ltd, acquired the entire share capital of Anya Hindmarch Japan Ltd (AHJ) from Renown Inc, the parent company of the Company's former franchisee. This deal brought into the Group's directly operated store portfolio the 26 stores operated by Anya Hindmarch Japan, together with the related leases, inventory and other business assets, as well as substantially all of the management team and employees serving the AHJ business. The AHJ business is approximately the same size as the Group's UK business and has shown growth of close to 20% like-for-like during the first 4 months of 2014. From March 2014, the Group also assumed direct operational and P&L responsibility for its concession in Takashimaya in Singapore from its former franchisee, who continues to provide local back-of-house support. Both of these initiatives reflect the Group's strategy to refine its control over key markets and to cooperate more closely with partners across all markets.

This investment in Japan was financed through part of the £24.2M proceeds from the issuance of convertible preference shares to existing shareholder Mayhoola for Investments in February 2014.

Principal Risks and Uncertainties:

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. In addition, the Group works hard to attract and retain its employees and to ensure that their interests are aligned with those of the Group.

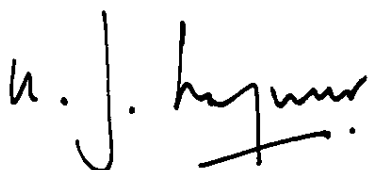
The principal credit risk for the Group arises from its trade debtors. In order to manage this risk, the Group performs credit checks on all customers and subsequently sets appropriate credit limits. The directors also seek to secure export insurance for substantially all of the Group's trade clients.

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.

The Group's policy with respect to foreign exchange risk is to seek to hedge against mismatches in the currency denomination of its revenues and costs. With the consolidation of its Japanese business from 1st March 2014, the Group's consolidated financial statements will now be exposed to currency translation risk on movements in the ¥/GBP exchange rate that may not be fully hedged or offset by adjusting the prices of its products in the Japanese market.

Approval

This strategic report was approved by order of the Board on 21/05/14



H J Seymour

Director

A.S.H.S. Limited

Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013

Results and dividends

The profit and loss account is set out on page 8 and shows the loss for the year

The directors do not recommend the payment of a dividend (2012 - £Nil)

Directors

The directors of the company were

A S Hindmarch
H J Seymour
J McArthur
M Hindmarch
H Al-Thani (resigned 8 January 2014)
N Al-Mahmoud (resigned 8 January 2014)
M Ragy (appointed 8 January 2014)
S Sassi (appointed 8 January 2014)

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

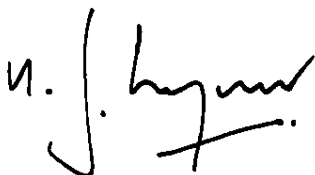
Report of the directors for the year ended 31 December 2013 (continued)

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 21/05/14

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 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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 2013 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.

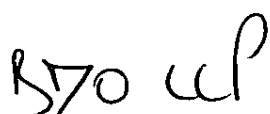
A.S.H.S. Limited

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

Date 21 May 2014

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

A.S.H.S. Limited

Consolidated profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	24,066,856	23,813,284
Cost of sales		(10,583,372)	(10,155,666)
Gross profit		13,483,484	13,657,618
Administrative expenses		(17,673,720)	(14,603,851)
Loss on ordinary activities before interest	5	(4,190,236)	(946,233)
Interest receivable and similar income		14,580	5,256
Interest payable and similar charges	6	(117,457)	(120,306)
Loss on ordinary activities before taxation		(4,293,113)	(1,061,283)
Taxation (charge)/credit on loss from ordinary activities	7	(15,697)	261,914
Loss for the financial year	20,22	(4,308,810)	(799,369)

All amounts relate to continuing activities

All recognised gains and losses have been included in the profit and loss account

The notes on pages 12 to 26 form part of these financial statements

A.S.H.S. Limited

Consolidated balance sheet at 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Intangible assets	8		1		1
Tangible assets	9		3,712,747		2,209,928
			<u>3,712,748</u>		<u>2,209,929</u>
Current assets					
Stocks	11	8,051,107		7,659,752	
Debtors	12	3,101,225		3,173,238	
Cash at bank and in hand		711,486		6,225,428	
		<u>11,863,818</u>		<u>17,058,418</u>	
Creditors, amounts falling due within one year	13	(8,263,555)		(6,638,240)	
Net current assets			<u>3,600,263</u>		<u>10,420,178</u>
Total assets less current liabilities			<u>7,313,011</u>		<u>12,630,107</u>
Creditors: amounts falling due after more than one year	14		-		(1,008,286)
Net assets			<u>7,313,011</u>		<u>11,621,821</u>
Capital and reserves					
Called up share capital	18		75,790		75,790
Capital redemption reserve	20		21,434		21,434
Profit and loss account	20		7,215,787		11,524,597
Shareholders' funds	22		<u>7,313,011</u>		<u>11,621,821</u>

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

21/05/14


A Hindmarch
Director


H J Seymour
Director

The notes on pages 12 to 26 form part of these financial statements


A.S.H.S. Limited

Company balance sheet at 31 December 2013

Company number 03142746	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Intangible assets	8		1		1
Tangible assets	9		2,150,327		1,938,500
Investments	10		2		2
			2,150,330		1,938,503
Current assets					
Stocks	11	7,722,545		7,551,612	
Debtors	12				
- due within one year		3,023,310		3,167,510	
- due after more than one year		1,901,096		1,781,298	
		4,924,406		4,948,808	
Cash at bank and in hand		665,750		6,143,680	
		13,312,701		18,644,100	
Creditors: amounts falling due within one year	13	(7,630,832)		(6,439,375)	
Net current assets			5,681,869		12,204,725
Total assets less current liabilities			7,832,199		14,143,228
Creditors: amounts falling due after more than one year	14		-		(1,008,286)
Net assets			7,832,199		13,134,942
Capital and reserves					
Called up share capital	18		75,790		75,790
Capital redemption reserve	20		21,434		21,434
Profit and loss account	20		7,734,975		13,037,718
Shareholders' funds	22		7,832,199		13,134,942

The financial statements were approved by the Board of Directors and authorised for issue on 21/05/14


A Hindmarch
Director


H J Seymour
Director

The notes on pages 12 to 26 form part of these financial statements

A.S.H.S. Limited

Consolidated cash flow statement for the year ended 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Net cash outflow from operating activities	25		(4,583,693)		(1,348,156)
Returns on investments and servicing of finance					
Interest received		14,580		5,256	
Interest paid		(117,457)		(120,306)	
Net cash outflow from returns on investments and servicing of finance			(102,877)		(115,050)
Taxation			60,579		(266,752)
Capital expenditure					
Purchase of tangible fixed assets	9		(2,448,383)		(1,466,356)
Financing					
New loans in year		1,940,260		1,537,242	
Loan repayments in year		(888,639)		(650,424)	
Issue of share capital		-		26,211,006	
Buyback of share capital		-		(21,210,656)	
Exercise of share options		-		1,000,030	
			1,051,621		6,887,198
(Decrease)/Increase in cash	27		(6,022,753)		3,690,884

The notes on pages 12 to 26 form part of these financial statements

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2013

1 Accounting policies

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

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 profit and loss account and related notes as permitted by Section 408 of the Companies Act 2006

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

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Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account 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 profit and loss account on a straight-line basis over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

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 profit and loss account as incurred.

2 Turnover

	2013 £	2012 £
Analysis by geographical market		
United Kingdom	12,128,830	12,358,343
Rest of Europe	2,083,658	1,244,000
Rest of World	9,854,368	10,210,941
	<hr/>	<hr/>
	24,066,856	23,813,284
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A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

3 Employees

	2013 £	2012 £
Staff cost consist of		
Wages and salaries	5,932,965	5,136,172
Social security costs	566,827	516,039
Pension cost	75,014	63,746
	<u>6,574,806</u>	<u>5,715,957</u>

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

	2013 Number	2012 Number
Sales and distribution	92	86
Administration	87	76
	<u>179</u>	<u>162</u>

4 Directors' remuneration

	2013 £	2012 £
Directors' remuneration	615,790	793,285
Pension contributions	25,125	25,572
	<u>640,915</u>	<u>818,857</u>

Pension contributions are made to 3 directors (2012 - 5) During the year no directors were granted share options (2012 - None)

	2013 £	2012 £
Information regarding the highest paid director		
Emoluments	<u>327,823</u>	<u>327,823</u>

5 Operating loss

	2013 £	2012 £
This is arrived at after charging		
Other operating leases	2,067,123	2,775,775
Depreciation - owned assets	940,163	554,358
Loss on disposal of assets	5,401	-
Auditors' remuneration	28,750	29,000
Auditors' remuneration - taxation	<u>9,140</u>	<u>8,640</u>

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

6 Interest payable and similar charges

	2013 £	2012 £
Bank interest	62,440	53,103
Invoice discounting facility charges	55,017	67,203
	<u>117,457</u>	<u>120,306</u>

7 Taxation on loss on ordinary activities

	2013 £	2012 £
Analysis of credit in the year		
<i>UK corporation tax</i>		
Adjustment in respect of previous periods	13,796	(256,703)
Overseas tax	1,901	4,289
	<u>15,697</u>	<u>(252,414)</u>
Total current tax	15,697	(252,414)
Current period deferred tax movements (note 17)	-	(9,500)
	<u>15,697</u>	<u>(261,914)</u>

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

	2013 £	2012 £
Loss on ordinary activities before tax	(4,293,113)	(1,061,283)
Tax at 23.25 % (2012 - 24.5%) thereon	(998,149)	(260,015)
Effect of		
Expenses not deductible for tax purposes	52,392	24,824
Capital allowances in deficit of depreciation	144,017	118,583
Depreciation on assets not eligible for capital allowances	9,591	6,111
Other short term timing differences	4,670	(31,890)
Prior period overprovision	13,796	(256,703)
Overseas tax	1,901	4,289
Losses carried forward not utilised	890,683	990,524
Losses carried back	-	186,797
Part 12 CTA 2009 deduction	-	(1,034,934)
Pre-trading expenses now deductible	(103,204)	-
	<u>15,697</u>	<u>(252,414)</u>

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

8 Intangible assets

	Patents and licences £
Group and Company	
<i>Cost</i>	
At 1 January 2013 and 31 December 2013	1
<i>Net book value</i>	
At 31 December 2013 and 31 December 2012	1

9 Tangible assets

	Short leasehold £	Fixtures and fittings £	Total £
Group			
<i>Cost</i>			
At 1 January 2013	2,716,352	2,940,033	5,656,385
Additions	1,374,220	1,074,163	2,448,383
Disposals	(238,720)	(376,936)	(615,656)
At 31 December 2013	3,851,852	3,637,260	7,489,112
<i>Depreciation</i>			
At 1 January 2013	1,865,377	1,581,080	3,446,457
Charge for year	337,434	602,729	940,163
Disposals	(238,327)	(371,928)	(610,255)
At 31 December 2013	1,964,484	1,811,881	3,776,365
<i>Net book value</i>			
At 31 December 2013	1,887,368	1,825,379	3,712,747
At 31 December 2012	850,975	1,358,953	2,209,928

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

9 Tangible assets (*continued*)

	Short leasehold £	Fixtures and fittings £	Total £
Company			
<i>Cost</i>			
At 1 January 2013	2,206,206	2,923,281	5,129,487
Additions	130,019	935,430	1,065,449
Disposals	(238,720)	(376,936)	(615,656)
	<hr/>	<hr/>	<hr/>
At 31 December 2013	2,097,505	3,481,775	5,579,280
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2013	1,620,829	1,570,158	3,190,987
Charge for the year	263,335	584,886	848,221
Disposals	(238,327)	(371,928)	(610,255)
	<hr/>	<hr/>	<hr/>
At 31 December 2013	1,645,837	1,783,116	3,428,953
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2013	451,668	1,698,659	2,150,327
	<hr/>	<hr/>	<hr/>
At 31 December 2012	585,377	1,353,123	1,938,500
	<hr/>	<hr/>	<hr/>

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

10 Investments

Company	Shares in group undertakings £
Cost	
At 1 January 2013 and 31 December 2013	2
<i>Net book value</i>	
At 31 December 2013 and 31 December 2012	2

The Company's investments at the balance sheet date in the share capital of subsidiary companies include the following

	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
A S H S USA Limited	England and Wales	100%	Retailer of handbags and fashion accessories
ASHS East Coast Limited	England and Wales	100%	Non-Trading 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

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

11 Stocks

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Raw materials	1,019,979	997,642	1,019,979	997,642
Finished goods	7,031,128	6,662,110	6,702,566	6,553,970
	<u>8,051,107</u>	<u>7,659,752</u>	<u>7,722,545</u>	<u>7,551,612</u>

12 Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade debtors	943,223	1,526,646	943,223	1,526,646
Amounts owed by group undertakings	-	-	1,901,096	1,781,298
Other debtors	691,749	670,912	674,641	667,093
Prepayments and accrued income	1,271,634	704,785	1,208,629	701,664
Corporation tax	194,619	270,895	196,817	272,107
	<u>3,101,225</u>	<u>3,173,238</u>	<u>4,924,406</u>	<u>4,948,808</u>

In the Company, £1,901,096 (2012 - £1,781,298) owed by group undertakings is not due for payment within one year. All other amounts are due for payment within one year.

13 Creditors' amounts falling due within one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Bank loans (secured - note 16)	2,747,491	687,584	2,747,491	687,584
Bank overdrafts (secured - note 16)	508,811	-	508,811	-
Trade creditors	3,184,703	4,610,679	3,184,703	4,610,679
Taxation and social security	354,608	224,324	339,159	221,922
Other creditors	666,464	330,588	84,992	134,125
Accruals and deferred income	801,478	785,065	765,676	785,065
	<u>8,263,555</u>	<u>6,638,240</u>	<u>7,630,832</u>	<u>6,439,375</u>

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

14 Creditors amounts falling due after more than one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Bank loans (secured - note 16)	-	1,008,286	-	1,008,286

15 Loan maturity

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

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts falling due within one year or on demand				
Bank loans	3,256,302	687,584	3,256,302	687,584
Amounts falling due between one and two years				
Bank loans - 1-2 years	-	290,915	-	290,915
Amounts falling due between two and five years				
Bank loans - 2-5 years	-	717,371	-	717,371

16 Secured debts

The following secured debts are included within creditors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Bank loans and overdrafts	3,256,302	1,695,870	3,256,302	1,695,870

The bank loans and overdrafts 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 ASHS East Coast Limited

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

17 Provision for liabilities

Group	Deferred tax £
Balance at 1 January 2013 and 31 December 2013	-

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

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Analysis of deferred tax				
Depreciation in excess of capital allowances	(266,166)	(44,691)	(203,350)	(42,485)
Other short term timing differences	(27,416)	(30,157)	(27,416)	(30,157)
Unutilised tax losses	(1,450,826)	(929,881)	(1,186,404)	(802,175)
	<u>(1,744,408)</u>	<u>(1,004,729)</u>	<u>(1,417,170)</u>	<u>(874,817)</u>

18 Share capital

	2013 Number	Allotted, issued and fully paid 2012 Number	2013 £	2012 £
Ordinary shares of £1 each	75,790	75,790	75,790	75,790
	<u>75,790</u>	<u>75,790</u>	<u>75,790</u>	<u>75,790</u>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

18 Share capital (continued)

In 2012, the Company entered into a fundraising exercise and an agreement was reached with a Qatari company who replaced the existing private equity shareholders. On 27 July, 26,487 ordinary £1 shares were issued at a price of £989.58 per share. On the same date, £21.21M of the receipts was used to buyback the existing preference shares, which were then cancelled. The balance of the investment, £5.0M (5,053 shares) introduced additional capital into the Company.

19 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.

	2013 Weighted Average Exercise price £	2013 Number	2012 Weighted Average Exercise price £	2012 Number
Outstanding at the beginning of the year	264.43	1,060	196.26	9,476
Granted during the year	-	-	-	-
Exercised during the year	-	-	130.29	(8,416)
Outstanding at the end of the year	264.43	1,060	264.43	1,060

Of the total number of options outstanding at the end of the year 1,057 (2012 - 969) 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 11 April 2012, James McArthur exercised his option to acquire 3,590 ordinary shares at a price of £278.56 per share. On 25 July, 2012, Dan Orteu exercised his option to acquire 3,576 ordinary shares at £20.00. On 30 July, 2012 Lisa Ephson exercised her option to acquire 1,250 shares at £20.00 per share. The latter two exercises were satisfied by shares from A S Hindmarch.

20 Reserves

Group	Profit and loss account £	Capital Redemption Reserve £	Total £
At 1 January 2013	11,524,597	21,434	11,546,031
Loss for the year	(4,308,810)	-	(4,308,810)
At 31 December 2013	7,215,787	21,434	7,237,221
Company			
At 1 January 2013	13,037,718	21,434	13,059,152
Loss for the year	(5,302,743)	-	(5,302,743)
At 31 December 2013	7,734,975	21,434	7,756,409

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

21 Loss of parent company

As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £5,302,743 (2012 - £234,194)

22 Reconciliation of movements in shareholders' funds

Group	2013 £	2012 £
Loss for the year	(4,308,810)	(799,369)
	<u>(4,308,810)</u>	<u>(799,369)</u>
Exercise of share options (note 19)	-	1,000,030
Issue of shares (note 18)	-	26,211,006
Repurchase of shares (note 18)	-	(21,210,656)
	<u>-</u>	<u>-</u>
Net (decrease)/additions to shareholders' funds	(4,308,810)	5,201,011
Opening shareholders' funds	11,621,821	6,420,810
	<u>11,621,821</u>	<u>6,420,810</u>
Closing shareholders' funds	7,313,011	11,621,821
	<u>7,313,011</u>	<u>11,621,821</u>
Company		
Loss for the year	(5,302,743)	(234,194)
	<u>(5,302,743)</u>	<u>(234,194)</u>
Exercise of share options (note 19)	-	1,000,030
Issue of shares (note 18)	-	26,211,006
Repurchase of shares (note 18)	-	(21,210,656)
	<u>-</u>	<u>-</u>
Net (decrease)/additions to shareholders' funds	(5,302,743)	5,766,186
Opening shareholders' funds	13,134,942	7,368,756
	<u>13,134,942</u>	<u>7,368,756</u>
Closing shareholders' funds	7,832,199	13,134,942
	<u>7,832,199</u>	<u>13,134,942</u>

A.S.H.S. Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

23 Commitments under operating leases

The Group had annual commitments under non-cancellable operating leases as set out below

Group	Land and buildings 2013 £	Other 2013 £	Land and buildings 2012 £	Other 2012 £
Operating leases which expire				
Within one year	92,689	386,332	147,586	585,443
In two to five years	548,974	341,832	474,553	404,813
After five years	1,230,440	-	965,649	-
	<u>1,872,103</u>	<u>728,164</u>	<u>1,587,788</u>	<u>990,256</u>
Company				
Operating leases which expire				
Within one year	-	386,332	147,586	585,443
In two to five years	548,974	341,832	382,530	404,813
After five years	566,750	-	627,379	-
	<u>1,115,724</u>	<u>728,164</u>	<u>1,157,495</u>	<u>990,256</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 £6,000 for the year (2012 - £6,000), the balance owed at the year end was £nil (2012 - £1,119)

The above transactions were undertaken in the normal course of trading

25 Reconciliation of operating loss to net cash outflow from operating activities

	2013 £	2012 £
Operating loss	(4,190,236)	(946,233)
Depreciation	940,163	554,358
Loss on disposal of fixed assets	5,401	-
(Increase)/decrease in stocks	(391,355)	148,634
Increase in debtors	(4,263)	(889,245)
Decrease in creditors	(943,403)	(215,670)
Net cash outflow from operating activities	<u>(4,583,693)</u>	<u>(1,348,156)</u>

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

26 Reconciliation of net cash inflow to movement in net funds/(debt)

	2013 £	2012 £
(Decrease)/Increase in cash in the year	(6,022,753)	3,690,884
Cash outflow from changes in debt	(1,051,621)	(886,818)
Change in net funds resulting from cash flows	(7,074,374)	2,804,066
Movement in net funds in the year	(7,074,374)	2,804,066
Net funds at 1 January	4,529,558	1,725,492
Net (debt)/funds at 31 December	(2,544,816)	4,529,558

27 Analysis of net (debt)/funds

	At 1 January 2013 £	Cash flow £	At 31 December 2013 £
Cash at bank and in hand	6,225,428	(5,513,942)	711,486
Bank overdrafts	-	(508,811)	(508,811)
	6,225,428	(6,022,753)	202,675
Debt due within one year	(1,695,870)	(1,051,621)	(2,747,491)
Total	4,529,558	(7,074,374)	(2,544,816)

28 Post Balance Sheet Events

In February 2014 the Group received additional investment from their existing shareholder Mayhoola for an investment of £24.2m through the purchase of newly issued convertible preference shares. In the event of full conversion this would take their total shareholding to 60%.

In March 2014, ASHS Ltd's former franchisee Anya Hindmarch Japan Ltd (AHJ) became a 100% subsidiary of the newly-formed holding company Anya Hindmarch Japan Holdings Ltd, itself a 100% subsidiary of ASHS Limited. AHJ was purchased for the value of the net assets of the business and the final cost of the acquisition will be determined once the due diligence work has been finalised in 2014.

A.S.H.S. Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

29 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. This meant that the group had effectively protected its budgeted rate for the full year of 2014.

30 Contingent liabilities

At the year end the group (and company) has issued letters of credit for the sum of £2,014,766 (2012 - £2,465,645).

31 Ultimate controlling party

In the opinion of the board of directors, the ultimate controlling party is Ms A Hindmarch by virtue of her voting rights.