

# **A.S.H.S. Limited**

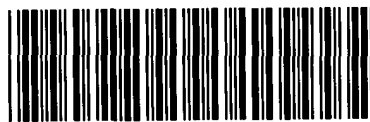
Report and Financial Statements

Year Ended

30 December 2017

Company Number 03142746

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# A.S.H.S. Limited

## Report and financial statements for the year ended 30 December 2017

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### Directors

A Bejui  
B Gault  
M W Hindmarch  
M Ragy  
A S Seymour

### Registered office

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 30 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 30 December 2017.

### Business Review

A.S.H.S. Limited operates worldwide under the trading name Anya Hindmarch. Founded in 1987 by Ms Anya Hindmarch, who remains Chief Creative Officer, the Group today is a global luxury brand with a distinctive London identity and a reputation for innovation and humour. 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.

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 furthermore, the Group directly operates its own website. Added to these stores, the Group continues to work closely with its other franchised partners who operate Anya Hindmarch mono-brand stores throughout the world. 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.

### Highlights

The financial year was impacted by a shift from traditional distribution channels to a more digital, direct to consumer model which is affecting the sector. In light of the fast-moving retail environment and changing consumer behaviours, the company has begun to undertake a series of actions to reset its business model and enable it to take advantage of these changes. In addition, the company is reinforcing operational rigor across the business and capitalising on changing trends to improve efficiencies.

Whilst the company remains focused on continuing to deliver an outstanding in-store experience in prime locations, it closed a number of stores and concessions during FY17, whilst investing in digital and direct to consumer campaigns.

Creatively, the brand has delivered strong campaigns during FY17 and FY18 to date, including Chubby Cloud, an immersive three day installation at Banqueting House during London Fashion Week 2018, 'Build A Bag', 'Pimp Your Phone', 'Anya Hindmarch Smells' and Chubby Hearts Over London. These direct to consumer campaigns further demonstrate the company's creativity and ability to engage with its core customer.

### Financial overview

- Sales at £37.2m (FY16: £41.3m)
- Gross profit at £15.1m (FY16: £21.8m)
- EBITDA loss of £17.0m (FY16: £8.1m)
- £16m cash investment from long term shareholders Mayhoola for Investments LLC
- Net foreign exchange loss of £754,000

### Operational overview

- In the new retail environment, the company is resetting its approach to growth and renewing operational rigor, this includes:
  - Reshaping its physical store footprint;
  - Investing in digital and direct to consumer channels;
  - Driving margin;
  - Tighter management of sourcing, stock levels and cost base.
- The company has reduced its permanent physical store footprint, whilst remaining in prime locations and maintaining firm partnerships with key retailers. This is coupled with increased investment in digital and experiential customer engagement, including its highly successful "pop-up" model.
- In FY17, the company closed its House of Fraser concessions in Guildford; its Harvey Nichols concession in Edinburgh; its Hackney outlet; its Westfield store; and 4 concessions in Japan. In Ginza, Japan, the company closed one store and opened another in the prime Ginza 6 location.

# A.S.H.S. Limited

## Strategic report for the year ended 30 December 2017 (*continued*)

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### Operational overview (*continued*)

- The company retains 7 directly operated stores in prime locations across the UK, US and Asia and continues to explore opportunities to expand its presence in select locations and through digital, "pop-up" stores and retail partnerships.

### Creative overview

- In May 2017, the company launched Build a Bag, a collection that embodies the brand's key DNA of personalisation and craftsmanship. This core collection enables the customer to build their own bag immediately by choosing a base to add straps, handles and charms to. Build a Bag was launched in flagships, online through a tool that let customers play and visualise their finished bag and rolled out globally through pop ups with retail partners. The first pop up was at Barneys NY and generated sales of \$150k in a single week.
- In November 2017, the company launched Anya Smells, a home fragrance line. Launched with license partner United Perfumes, the initial collection introduced candles with the brand's signature of craftsmanship combined with humour.
- Digital activity was enhanced through iMessage stickers, which have generated 89,000 downloads to date.
- For London Fashion Week in February 2018, the company created Chubby Hearts Over London, a civic design project for which 30 giant Chubby Heart balloons the size of double decker buses were created and flown over 30 London landmarks. The campaign generated extensive Instagram reach of 12.0 million impressions.
- In May 2018, a new personalisation concept was introduced. Pimp Your Phone takes a customer's most-used accessory, their phone, and makes it wearable with a selection of covers, cross body straps, wristlets, stickers and charms. An online tool allows customers to visualise and buy different combinations.
- In September 2018, the company revolutionised the way that they engage with their customers by creating Chubby Cloud – an installation of the world's biggest beanbag underneath the Ruben's ceiling in Banqueting House. A series of talks, meditations and experiences were offered to the industry and public over three days to celebrate the global launch of the company's new Chubby bag collection. All events were sold out and 3000 people attended.

### Board changes

- Francesco Giannaccari was appointed as Chief Executive Officer in March 2017.
- Antoine Bejui was appointed as Chief Executive Officer in March 2018.
- Bernard Gault was appointed as Chairman in December 2017.

### Principal Risks and Uncertainties

The operation of the Group's business are subject to a number of risks which could adversely affect the Group's future development. The principal risks and uncertainties are presented below.

#### *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.

# A.S.H.S. Limited

## Strategic report for the year ended 30 December 2017 (*continued*)

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### Principal Risks and Uncertainties (*continued*)

#### *Third party production risk*

The Group produces its products through a network of third party suppliers whose performance in terms of quality, compliance with local laws and regulations and adhered to delivery deadlines is important to ensure the timely availability of stock in stores, online and for delivery to wholesale customers. The Group is in regular contact with suppliers to monitor adherence to the terms of supply.

#### *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 shareholders to ensure that the Group has the appropriate 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 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. Since the acquisition of the Japan franchise in 2014, the Group is also exposed to translational risk on movements between JPY/GBP exchange rates.

#### *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.

#### *Brexit*

While there is still uncertainty surrounding the final terms under which the United Kingdom (U.K) will exit the European Union it is possible that there will be increased legal and regulatory complexities which the Group will need to manage. These complexities have the potential to cause disruption and uncertainty in the Group's relationships with suppliers, customers and employees with the resulting adverse impact on the business and results.

# A.S.H.S. Limited

## Strategic report for the year ended 30 December 2017 *(continued)*

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### Principal Risks and Uncertainties *(continued)*

#### *Going concern*

The Group made a loss of £28.3m for the year ended 30 December 2017 and had net assets of £7.4m as at that date. On 12 September 2018 the majority shareholder, Mayhoola for Investment LLC subscribed for 843,828 Preference A shares of £1 each for a consideration of £20m. During the period since year end Mayhoola for Investments LLC provided the Group with bridging finance in the amount of £9.5m which was repaid at the time of the capital increase.

The Directors have prepared cash flow forecasts based on their present plans, expectations and intentions. Based on these forecast cash flows, the Directors are satisfied that the Group are able to meet their liabilities as and when they fall due and for a minimum period of twelve months from the date of these financial statements. Accordingly these financial statements have been prepared on a going concern basis.

### Approval

This strategic report was approved by order of the Board on 28 September 2018.



A Bejui  
Director

# A.S.H.S. Limited

## Directors' report for the year ended 30 December 2017

The directors present their report together with the audited financial statements for the year ended 30 December 2017.

### Results and dividends

The consolidated statement of comprehensive income is set out on page 10 and shows the loss before tax of £28,227,000 (2016: loss of £11,859,000).

The directors do not recommend the payment of a dividend (2016 - £Nil).

### Directors

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

A Bejui	(appointed 14 January 2018)
B Gault	(appointed 30 December 2017)
F Giannaccari	(appointed 21 June 2017 and resigned 7 March 2018)
M W Hindmarch	
M Ragy	
S Sassi	(resigned 12 December 2017)
A S Seymour	
H J Seymour	(resigned 15 August 2018)
H E Wright	(resigned 27 March 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**

## **Directors' report for the year ended 30 December 2017 (*continued*)**

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### **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 Bejui  
**Director**

28 September 2018



# **A.S.H.S. Limited**

## **Independent auditor's report for the year ended 30 December 2017**

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### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF A.S.H.S. LIMITED**

#### **Opinion**

We have audited the financial statements of A.S.H.S. Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 December 2017 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 December 2017 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

# **A.S.H.S. Limited**

## **Independent auditor's report for the year ended 30 December 2017 (continued)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic report and Directors' report for the financial year which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

### **Responsibilities of Directors**

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

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

# A.S.H.S. Limited

## Independent auditor's report for the year ended 30 December 2017 (*continued*)

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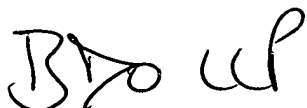
### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sophia Michael (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
28 September 2018

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 30 December 2017

	Notes	2017 £'000	2016 £'000
<b>Turnover</b>	2	<b>37,246</b>	41,305
Cost of sales		(22,118)	(19,458)
<b>Gross profit</b>		<b>15,128</b>	21,847
Administrative expenses		(42,123)	(33,205)
Other income	5	31	47
<b>Loss on ordinary activities before interest</b>	5	<b>(26,964)</b>	(11,311)
Loss on ordinary activities before interest analysed as:			
<b>EBITDA</b>		<b>(17,002)</b>	(8,093)
("Earnings before interest, tax, depreciation, amortisation and exceptional items")			
Exceptional items	6	(5,209)	(653)
Foreign exchange (losses) / gains		(754)	222
Depreciation and impairment		(3,123)	(2,660)
Amortisation		(752)	(127)
Loss on disposal of fixed assets		(124)	-
Interest payable and similar charges	7	(1,263)	(548)
<b>Loss on ordinary activities before taxation</b>		<b>(28,227)</b>	(11,859)
Taxation charge on loss from ordinary activities	8	(72)	(56)
<b>Loss for the financial year</b>		<b>(28,299)</b>	(11,915)
Currency translation differences		101	327
<b>Other comprehensive income for the year</b>		<b>101</b>	327
<b>Total comprehensive income for the year</b>		<b>(28,198)</b>	(11,588)

All amounts relate to continuing activities.

The notes on pages 16 to 35 form part of these financial statements.

# A.S.H.S. Limited

## Consolidated statement of financial position at 30 December 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Intangible assets	9		64		802
Tangible assets	10		2,016		3,982
			2,080		4,784
<b>Current assets</b>					
Stocks	12	9,903		19,317	
Debtors	13	6,295		8,557	
Cash at bank and in hand		3,117		2,339	
		19,315		30,213	
<b>Creditors: amounts falling due within one year</b>	14	(11,608)		(26,888)	
<b>Net current assets</b>			7,707		3,325
<b>Total assets less current liabilities</b>			9,787		8,109
<b>Creditors: amounts falling due after more than one year</b>	15		-		(3,548)
<b>Provisions for liabilities</b>	16		(2,424)		-
<b>Net assets</b>			7,363		4,561
<b>Capital and reserves</b>					
Called up share capital	20		146		117
Share premium			55,164		24,258
Preference share capital			65		-
Capital redemption reserve			21		21
Profit and loss account			(48,033)		(19,835)
<b>Shareholders' funds</b>			7,363		4,561

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2018

  
A Bejui  
Director

  
A S Seymour  
Director

Company number 03142746

The notes on pages 16 to 35 form part of these financial statements.

# A.S.H.S. Limited

## Consolidated statement of changes in equity for the year ended 30 December 2017

	Share capital £'000	Share premium £'000	Preference share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
<b>27 December 2015</b>	<b>76</b>	<b>24,258</b>	<b>41</b>	<b>21</b>	<b>(8,247)</b>	<b>16,149</b>
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(11,915)	(11,915)
Currency translation differences	-	-	-	-	327	327
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,588)</b>	<b>(11,588)</b>
<b>Contributions by and distributions to owners</b>						
Conversion of preference shares	41	-	(41)	-	-	-
<b>Contributions by and distributions to owners</b>	<b>41</b>	<b>-</b>	<b>(41)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2016</b>	<b>117</b>	<b>24,258</b>	<b>-</b>	<b>21</b>	<b>(19,835)</b>	<b>4,561</b>
<b>1 January 2017</b>	<b>117</b>	<b>24,258</b>	<b>-</b>	<b>21</b>	<b>(19,835)</b>	<b>4,561</b>
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(28,299)	(28,299)
Currency translation differences	-	-	-	-	101	101
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,198)</b>	<b>(28,198)</b>
<b>Contributions by and distributions to owners</b>						
Issue of new shares	29	30,906	65	-	-	31,000
<b>Contributions by and distributions to owners</b>	<b>29</b>	<b>30,906</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>31,000</b>
<b>30 December 2017</b>	<b>146</b>	<b>55,164</b>	<b>65</b>	<b>21</b>	<b>(48,033)</b>	<b>7,363</b>

The notes on pages 16 to 35 form part of these financial statements.

# A.S.H.S. Limited

## Consolidated statement of cash flows for the year ended 30 December 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Cash out flows from operations</b>	25	(9,773)		(15,224)	
Taxation paid		(80)		(10)	
Interest paid		(999)		(408)	
<b>Net cash from operating activities</b>			(10,852)		(15,642)
<b>Cash flows from investing activities</b>					
Purchase of intangible fixed assets	9	(14)		(54)	
Purchase of tangible fixed assets	10	(1,292)		(2,575)	
<b>Net cash from investing activities</b>			(1,306)		(2,629)
<b>Cash flows from financing activities</b>					
New loans in year		27,119		24,814	
Loan repayments in year		(25,180)		(8,083)	
Issue of new shares		11,000		-	
<b>Net cash from financing activities</b>			12,939		16,731
<b>Net decrease in cash and cash equivalents</b>			781		(1,540)
Cash and cash equivalents at beginning of the year			2,339		3,462
Foreign exchange gains and losses			(3)		417
<b>Cash and cash equivalents at end of year</b>			3,117		2,339
<b>Cash and cash equivalents comprise:</b>					
Cash at bank and in hand			3,117		2,339

The notes on pages 16 to 35 form part of these financial statements.

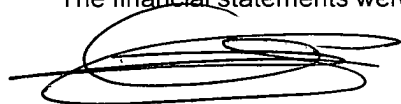
# A.S.H.S. Limited

## Company statement of financial position at 30 December 2017

<i>Company number 03142746</i>	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Intangible assets	9		64		54
Tangible assets	10		1,593		2,174
Investments	11		-		4,980
			<hr/>		<hr/>
			1,657		7,208
<b>Current assets</b>					
Stocks	12	6,999		14,051	
Debtors - due in less than one year	13	4,281		12,523	
Debtors - due in greater than one year	13	-		28	
Cash at bank and in hand		2,924		1,981	
		<hr/>		<hr/>	
		14,204		28,583	
<b>Creditors: amounts falling due within one year</b>	14	(9,339)		(24,323)	
		<hr/>		<hr/>	
<b>Net current assets</b>			4,865		4,260
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			6,522		11,468
<b>Creditors: amounts falling due after more than one year</b>	15		-		(3,548)
			<hr/>		<hr/>
<b>Net assets</b>			6,522		7,920
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	20		146		117
Share premium			55,164		24,258
Preference share capital			65		-
Capital redemption reserve			21		21
Profit and loss account			(48,874)		(16,476)
			<hr/>		<hr/>
<b>Shareholders' funds</b>			6,522		7,920
			<hr/>		<hr/>

The Group loss for the year includes a loss after tax of £32,398,000 (2016: £10,135,000) in respect of the parent company.

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2018



A Bejui  
Director



A S Seymour  
Director

The notes on pages 16 to 35 form part of these financial statements.



# A.S.H.S. Limited

## Company statement of changes in equity for the year ended 30 December 2017

	Share capital £'000	Share premium £'000	Preference share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
<b>27 December 2015</b>	76	24,258	41	21	(6,341)	18,055
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(10,135)	(10,135)
<b>Total comprehensive income for the year</b>	-	-	-	-	(10,135)	(10,135)
<b>Contributions by and distributions to owners</b>						
Conversion of preference shares	41	-	(41)	-	-	-
<b>Contributions by and distributions to owners</b>	41	-	(41)	-	-	-
<b>31 December 2016</b>	117	24,258	-	21	(16,476)	7,920
<b>1 January 2017</b>	117	24,258	-	21	(16,476)	7,920
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(32,398)	(32,398)
<b>Total comprehensive income for the year</b>	-	-	-	-	(32,398)	(32,398)
<b>Contributions by and distributions to owners</b>						
Issue of new shares	29	30,906	65	-	-	31,000
<b>Contributions by and distributions to owners</b>	29	30,906	65	-	-	31,000
<b>30 December 2017</b>	146	55,164	65	21	(48,874)	6,522

The notes on pages 16 to 35 form part of these financial statements.

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, 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 2017, and these accounts therefore cover the period from 1 January 2017 to 30 December 2017 (2016 – 27 December 2015 to 31 December 2016).

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 of £28.3m for the year ended 30 December 2017 and had net current assets of £7.7m and net assets of £7.4m as at that date. On 12 September 2018 the majority shareholder, Mayhoola for Investment LLC subscribed for 843,828 Preference A shares of £1 each for a consideration of £20m. During the period since year end Mayhoola for Investments LLC provided the Group with bridging finance in the amount of £9.5m which was repaid at the time of the capital increase.

The Directors have prepared cash flow forecasts and a strategic plan and projections through to December 2021 based on their present plans, expectations and intentions. Based on these forecast cash flows, the Directors are satisfied that the Group are able to meet their liabilities as and when they fall due and for a minimum period of twelve months from the date of these financial statements. Accordingly these financial statements have been prepared on a going concern basis.

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

A provision is raised for expected wholesale returns based on a historic experience and the commercial terms in place.

#### *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.

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

#### *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.

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

#### ***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.
- Determine whether any of the Group's leases are considered onerous in that the future economic benefits do not cover the unavoidable lease costs
- 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.
- Returns provisioning: Sales to customers with commercial terms allowing for returns are reviewed and provisions raised to cover the best estimate of expected returns.

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 2 Turnover

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

	2017 £'000	2016 £'000
Analysis by geographical market:		
United Kingdom	10,391	12,977
Rest of Europe	5,965	5,993
Japan	10,746	12,338
Rest of World	10,144	9,997
	<u>37,246</u>	<u>41,305</u>

### 3 Employees

	2017 £'000	2016 £'000
Staff cost consist of:		
Wages and salaries	10,759	10,611
Social security costs	764	730
Pension cost	181	158
	<u>11,704</u>	<u>11,499</u>

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

	2017 Number	2016 Number
Sales and distribution	162	177
Administration	114	130
	<u>276</u>	<u>307</u>

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

	2017 Number	2016 Number
Sales and distribution	76	73
Administration	97	107
	<u>173</u>	<u>180</u>

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 4 Directors' remuneration

	2017 £'000	2016 £'000
Directors' remuneration	727	807
Compensation for loss of office	173	-
Pension contributions	37	22
	<u>937</u>	<u>829</u>

Pension contributions are made to 4 directors (2016 - 3). During the year no directors were granted share options (2016 - None).

	2017 £'000	2016 £'000
Information regarding the highest paid director:		
Emoluments	285	448
Pension contributions	11	10
	<u>296</u>	<u>458</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

	2017 £'000	2016 £'000
This is arrived at after charging/(crediting):		
Other operating leases	3,905	4,311
Depreciation - owned assets	1,548	1,616
Depreciation - impairment	1,573	1,044
Amortisation of goodwill	104	104
Amortisation of intangibles	4	23
Impairment of goodwill	644	-
Loss / (Gain) on foreign exchange	754	(222)
Loss on disposal of assets	124	3
Auditors' remuneration		
current year	77	89
prior year	47	-
Auditors' remuneration – taxation	55	66
	<u>10,007</u>	<u>10,007</u>

Other income £30,965 relates to commission received (2016 - £46,642 relates to compensation income received in the year).

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 6 Exceptional items

	2017 £'000	2016 £'000
Exceptional items included within administrative expenses are detailed as follows:		
Onerous lease provision	2,508	-
Raw material stock provision	2,044	-
Employment related costs	245	-
Supplier dispute	177	-
Executive team reorganisation costs	173	327
Other costs	62	-
New store concept development	-	226
Financial and strategic advice	-	100
	<u>5,209</u>	<u>653</u>

Given the changes taking place in the industry the Group has reviewed its distribution model and made provision for leases which are considered onerous. The Group no longer purchases raw materials and as result of this change in policy the provision processed to reduce the carrying value of raw material is considered one off and has been included in exceptional items.

### 7 Interest payable and similar charges

	2017 £'000	2016 £'000
Bank interest	159	90
Shareholder loan interest	1,050	385
Invoice discounting facility charges	54	73
	<u>1,263</u>	<u>548</u>

### 8 Taxation on loss from ordinary activities

	2017 £'000	2016 £'000
<b><u>Analysis of tax charge for the period</u></b>		
<b>Current Tax</b>		
Adjustment in respect of previous periods	(2)	(4)
Foreign taxation	74	60
	<u>72</u>	<u>56</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	<u>72</u>	<u>56</u>
Taxation on loss on ordinary activities	<u>72</u>	<u>56</u>



# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (*continued*)

### 8 Taxation on loss from 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:

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	(28,227)	(11,859)
Tax @ 19.25% (2016 20%) thereon	(5,434)	(2,372)
Effect of:		
Fixed asset differences	104	154
Expenses not deductible for tax purposes	1,457	777
Adjustments to tax rates	426	441
Deferred tax not recognised	3,521	1,582
Income not taxable for tax purposes	-	(650)
Adjustments in respect of prior periods	(2)	(4)
Overseas tax	-	60
Other permanent differences	-	68
	<hr/>	<hr/>
	72	56
	<hr/>	<hr/>

# A.S.H.S. Limited

Notes forming part of the financial statements  
for the year ended 30 December 2017 (*continued*)

## 9 Intangible assets

Group	Goodwill £'000	Acquired leases £'000	Other Intangibles £'000	Total £'000
<i>Cost</i>				
At 1 January 2017	1,043	449	54	1,546
Additions	-	-	14	14
<b>At 30 December 2017</b>	<b>1,043</b>	<b>449</b>	<b>68</b>	<b>1,560</b>
<i>Amortisation</i>				
At 1 January 2017	295	449	-	744
Charge for the year	104	-	4	108
Impairment	644	-	-	644
<b>At 30 December 2017</b>	<b>1,043</b>	<b>449</b>	<b>4</b>	<b>1,496</b>
<i>Net book value</i>				
<b>At 30 December 2017</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>64</b>
At 31 December 2016	748	-	54	802
<b>Company</b>			<b>Other Intangibles £'000</b>	
<i>Cost</i>				
At 1 January 2017				54
Additions				14
<b>At 30 December 2017</b>				<b>68</b>
<i>Amortisation</i>				
At 1 January 2017				-
Charge for the year				4
<b>At 30 December 2017</b>				<b>4</b>
<i>Net book value</i>				
<b>At 30 December 2017</b>				<b>64</b>
At 31 December 2016				54

# A.S.H.S. Limited

Notes forming part of the financial statements  
for the year ended 30 December 2017 (*continued*)

## 10 Tangible assets

Group	Short leasehold £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 1 January 2017	6,191	6,382	12,573
Additions	806	486	1,292
Disposals	(660)	(174)	(834)
Currency differences	(75)	(32)	(107)
<b>At 30 December 2017</b>	<b>6,262</b>	<b>6,662</b>	<b>12,924</b>
<i>Depreciation</i>			
At 1 January 2017	4,208	4,383	8,591
Charge for year	522	1,026	1,548
Impairment	1,271	302	1,573
Disposals	(564)	(146)	(710)
Currency differences	(68)	(26)	(94)
<b>At 30 December 2017</b>	<b>5,369</b>	<b>5,539</b>	<b>10,908</b>
<i>Net book value</i>			
<b>At 30 December 2017</b>	<b>893</b>	<b>1,123</b>	<b>2,016</b>
At 31 December 2016	1,983	1,999	3,982

# A.S.H.S. Limited

Notes forming part of the financial statements  
for the year ended 30 December 2017 (*continued*)

## 10 Tangible assets (*continued*)

Company	Short leasehold £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 1 January 2017	2,847	5,598	8,445
Additions	315	435	750
Disposals	(308)	(107)	(415)
	<hr/>	<hr/>	<hr/>
<b>At 30 December 2017</b>	<b>2,854</b>	<b>5,926</b>	<b>8,780</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2017	2,270	4,001	6,271
Charge for the year	194	810	1,004
Impairment	89	124	213
Disposals	(221)	(80)	(301)
	<hr/>	<hr/>	<hr/>
<b>At 30 December 2017</b>	<b>2,332</b>	<b>4,855</b>	<b>7,187</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
<b>At 30 December 2017</b>	<b>522</b>	<b>1,071</b>	<b>1,593</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2016	577	1,597	2,174
	<hr/>	<hr/>	<hr/>

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (*continued*)

### 11 Investments

Company	Shares in group undertakings £'000
<i>Cost and net book value</i>	
At 27 December 2016	4,980
Provision	(4,980)
	<hr/>
At 30 December 2017	-
	<hr/>

Given the future plans for and cash flows from the Japanese business the carrying value of the investment has been impaired.

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%	Dormant
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
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.

Following a reorganisation of the holding structure for the Group's business in Japan, A.S.H.S. Japan Holding Ltd was liquidated on 9 May 2018 and Anya Hindmarch Japan Inc became a direct subsidiary of the Company.

On 10 April 2018 the Company acquire 100% of the share capital of Anya Hindmarch Ltd, a non trading company.

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 12 Stocks

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Raw materials	356	2,320	356	2,320
Finished goods	9,547	16,997	6,643	11,731
	<u>9,903</u>	<u>19,317</u>	<u>6,999</u>	<u>14,051</u>

### 13 Debtors

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade debtors	2,991	3,908	2,813	3,637
Amounts owed by group undertakings	-	-	-	7,006
Other debtors	2,251	3,015	776	704
Prepayments and accrued income	1,053	1,634	692	1,204
	<u>6,295</u>	<u>8,557</u>	<u>4,281</u>	<u>12,551</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. Included in other debtors is the fair value of the contracts of £54,000 (2016 - £Nil).

### 14 Creditors: amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank loans (secured - note 17)	1,827	4,752	1,827	4,752
Trade creditors	5,124	7,726	4,625	6,723
Taxation and social security	380	178	292	240
Other creditors	1,575	1,305	398	153
Accruals and deferred income	2,644	1,272	2,197	866
Corporation tax	58	66	-	-
Shareholder loan	-	11,589	-	11,589
	<u>11,608</u>	<u>26,888</u>	<u>9,339</u>	<u>24,323</u>

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 15 Creditors: amounts falling due after more than one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank loans (secured - note 17)	-	136	-	136
Shareholder loans	-	3,412	-	3,412
	<u>-</u>	<u>3,548</u>	<u>-</u>	<u>3,548</u>
	-	3,548	-	3,548

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. On 30 December 2017 the £5m balance outstanding on the revolving credit facility was converted into Preference A Shares.

On the 16 January 2017 the Shareholder term loans totalling £10m (2016 £10m) were restructured into an unsecured Shareholder loan at 6% interest per annum and with repayment due by January 2020. At the same time the Group drew down a further £5m under an unsecured Shareholder loan agreement bearing interest at 6% per annum and with repayment by January 2021.

On 30 December 2017 the sum of the Shareholder loans outstanding of £15m and the revolving credit facility balance of £5m was converted into Preference A Shares. See note 20.

### 16 Provision for liabilities

Group	Deferred taxation £'000	Onerous lease £'000	Total £'000
At 31 December 2016	-	-	-
Charged for the year	-	2,424	2,424
	<u>-</u>	<u>2,424</u>	<u>2,424</u>
<b>At 30 December 2017</b>	<b>-</b>	<b>2,424</b>	<b>2,424</b>

The Group has reviewed its lease portfolio and has made provision for onerous lease where the cost of a lease exceeds the economic benefit to be provided from it. The provision is expected to unwind in the forthcoming year.

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 16 Provision for liabilities (continued)

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

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Analysis of deferred tax:				
Depreciation in excess of capital allowances	(1,050)	(634)	(654)	(465)
Other short term timing differences	(177)	(10)	(175)	(6)
Unutilised tax losses	(11,592)	(8,079)	(6,195)	(4,299)
	<u>(12,819)</u>	<u>(8,723)</u>	<u>(7,024)</u>	<u>(4,770)</u>

### 17 Loan maturity

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

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Amounts falling due within one year or on demand				
Bank loans	1,827	4,752	1,827	4,752
Shareholder loans	-	11,589	-	11,589
	<u>1,827</u>	<u>16,341</u>	<u>1,827</u>	<u>16,341</u>
Amounts falling due between one and two years				
Bank loans	-	136	-	136
Shareholder loans	-	1,686	-	1,686
	<u>-</u>	<u>1,822</u>	<u>-</u>	<u>1,822</u>
Amounts falling due between two and five years				
Bank loans	-	-	-	-
Shareholder loans	-	1,726	-	1,726
	<u>-</u>	<u>1,726</u>	<u>-</u>	<u>1,726</u>



# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 18 Secured debts

The following secured debts are included within creditors:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Invoice Finance Facility	206	1,505	206	1,505
Clean Import Loans	1,435	2,698	1,435	2,698
Bank Loan Facility	186	685	186	685
	<u>1,827</u>	<u>4,888</u>	<u>1,827</u>	<u>4,888</u>

An invoice financing facility has been utilised during the year. At year end there are available funds to drawdown of £206,000 (2016: £1,505,000 was outstanding under the facility). This is secured by a charge over the Company's notified receivables.

The Clean Import Loans owing of £1,435,000 (2016: £2,698,000) 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.

### 19 Financial instruments

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

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
<b>Financial assets</b>				
Financial assets measured at amortised cost	8,305	8,155	6,459	7,526
Financial assets measured fair value through the P&L	54	-	54	-
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(13,596)	(30,177)	(9,048)	(27,634)

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 20 Share capital

	2017 Number	Allotted, issued and fully paid 2016 Number	2017 £	2016 £
Ordinary A shares of £1 each	98,913	70,225	98,913	70,225
Ordinary B shares of £1 each	47,134	47,134	47,134	47,134
Total Ordinary Share Capital	146,047	117,359	146,047	117,359
Preference A shares of £1 each	64,910	-	64,910	-

The Preference A shares have a priority dividend right of 7% of their subscription price and once paid rank pari passu with the Ordinary A and Ordinary B shares as regards dividends. The Preference A shares rank ahead of Ordinary A and Ordinary B shares on winding and have priority on payment in the event of a listing or sale.

#### Ordinary share issue

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.

#### Preference share issue

On 30 December 2017 Mayhoola for Investment LLC subscribed for 64,910 Preference A Shares of £1 each for a consideration of £20 million by way of conversion of the shareholder loans. See note 15.

### 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.

	2017 Weighted average exercise price £	2017 Number	2016 Weighted average exercise price £	2016 Number
Outstanding at the beginning of the year	256.61	707	256.61	707
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
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 (2016 - 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.

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 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 £32,398,000 (2016 - £10,135,000 loss) which is inclusive of a provision against intercompany balances of £8,449,000 (2016 - £3,102,000).

### 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	Other	Land and buildings	Other
	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Not later than one year	2,858	1,363	2,576	1,406
Later than one year and not later than five years	10,703	2,058	8,645	715
Later than five years	2,959	1,855	3,743	151
	<u>16,520</u>	<u>5,276</u>	<u>14,964</u>	<u>2,272</u>
Company	Land and buildings	Other	Land and buildings	Other
	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Not later than one year	1,249	970	1,183	1,072
Later than one year and not later than five years	3,375	1,718	2,615	332
Later than five years	1,523	1,855	37	151
	<u>6,147</u>	<u>4,543</u>	<u>3,835</u>	<u>1,555</u>

# A.S.H.S. Limited

## Notes forming part of the financial statements for the year ended 30 December 2017 (continued)

### 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 £6,965 for the year (2016 - £4,500), the balance owed at the year-end was £500 (2016 - £1,500).

On the 16 January 2017 the Shareholder terms loans totalling £10m were restructured into an unsecured Shareholder loan at 6% interest per annum with repayment due by January 2020 and a further £5,000,000 unsecured Shareholder Loan at 6% interest with repayment due by January 2021 was received. Two bridging loans totalling £2,250,000 were received and repaid. On 30 December 2017 the £20,000,000 outstanding under the unsecured Shareholder loans and the revolving credit facility was converted into equity. The loan balance at year end was £NIL (2016 - £15,000,000).

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

	2017 £'000	2016 £'000
Loss for the financial year	(28,299)	(11,915)
Depreciation - owned assets	1,548	1,616
Depreciation - impairment	1,573	1,044
Impairment of goodwill	644	-
Amortisation of intangibles	108	127
Gains on forward currency contracts	(54)	(646)
Foreign exchange gains/(losses)	170	424
Loss on disposal of fixed assets	124	3
Decrease/(increase) in stocks	9,414	(5,589)
Decrease/(increase) in debtors	2,262	(3,632)
Increase in provisions	2,424	-
(Decrease)/increase in creditors	(1,022)	2,740
Net interest payable	1,263	548
Taxation expense	72	56
	<hr/>	<hr/>
Net cash outflow from operations	(9,773)	(15,224)
	<hr/>	<hr/>

### 26 Contingent liabilities

At the year end the Group (and Company) has issued letters of credit for the sum of £1,741 026 (2016 - £1,633,000) and a standby letter of credit in favour of Egat America Ltd in the amount of USD 899,249 (2016 USD 899,249).

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 2019.

# **A.S.H.S. Limited**

## **Notes forming part of the financial statements for the year ended 30 December 2017 (*continued*)**

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### **27 Post balance sheet events**

The Group closed the store at Melrose Place, Los Angeles on 30 June 2018.

On 12 September 2018 the Group's majority shareholder, Mayhoola for Investments LLC, subscribed for a further 843,828 Preference A shares for a consideration of £20 million. During the period since year end Mayhoola for Investments LLC provided the Group with bridging finance in the amount of £9.5m which was repaid at the time of the capital increase.

### **28 Ultimate controlling party**

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