

Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2013
for
Fashoff UK Limited

Ward Divecha Limited
Chartered Accountants &
Statutory Auditors
29 Welbeck street
London
W1G 8DA



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Fashoff UK Limited

Company Information
for the Year Ended 31 December 2013

DIRECTORS:

A Indaimo
A Varisco

SECRETARY:

Temple Secretarial Limited

REGISTERED OFFICE:

16 Old Bailey
London
EC4M 7EG

REGISTERED NUMBER:

03405119

AUDITORS:

Ward Divecha Limited
Chartered Accountants &
Statutory Auditors
29 Welbeck street
London
W1G 8DA

BANKERS:

National Westminster Bank Plc
180 Brompton Road
Knightsbridge
London
SW3 1HL

Strategic Report
for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

REVIEW OF BUSINESS

Fashoff UK Ltd is the wholly owned subsidiary of Italian Luxury Fashion House, Moschino SPA. Fashoff UK sells Moschino products through Retail, Wholesale and Distribution channels.

Fashoff UK has increased its overall turnover as a result of strong sales growth in its own store and through the wholesale business. The increase in sales in both channels can be attributed to increase brand exposure, due to the 30th Anniversary in 2013 and the recent appointment of a new Global Creative Director.

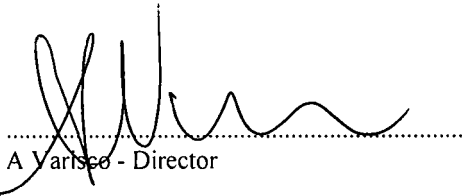
Upward trend in sales is expected to continue in 2014 provided global economic conditions remain stable.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal financial instruments comprise bank balances and trade creditors. The main purpose of these instruments is to provide finance for its day to day operation.

Due to the nature of the financial instruments there is little exposure to price risks other than normal inflationary risks. The trade creditors liquidity risks are managed by ensuring sufficient funds are available to meet the amounts due.

ON BEHALF OF THE BOARD:



.....
A Varisco - Director

Date: 28-04-14

Report of the Directors
for the Year Ended 31 December 2013

The directors present their report with the financial statements of the company for the year ended 31 December 2013.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2013.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

A Indaimo

A Varisco

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 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 company and of the profit or loss of the 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 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.

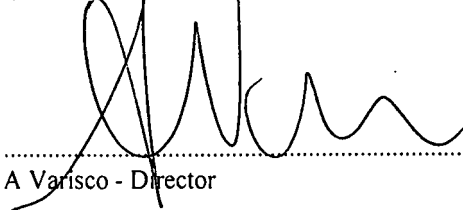
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Ward Dvecha Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



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A Varisco - Director

Date:28-4-14.....

**Report of the Independent Auditors to the Members of
Fashoff UK Limited**

We have audited the financial statements of Fashoff UK Limited for the year ended 31 December 2013 on pages six to thirteen. 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 a Report of the Auditors 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 set out on page three, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
Fashoff UK Limited

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



Adil Divecha (Senior Statutory Auditor)
for and on behalf of Ward Divecha Limited
Chartered Accountants &
Statutory Auditors
29 Welbeck street
London
W1G 8DA

Date:28-4-14.....

Profit and Loss Account
for the Year Ended 31 December 2013

		2013	2012
	Notes	£	£
TURNOVER	2	3,890,682	3,324,206
Cost of sales		<u>1,488,714</u>	<u>1,445,852</u>
GROSS PROFIT		2,401,968	1,878,354
Distribution costs		506,291	474,738
Administrative expenses		<u>1,679,979</u>	<u>1,258,900</u>
		2,186,270	1,733,638
		215,698	144,716
Other operating income		<u>14,000</u>	<u>14,000</u>
OPERATING PROFIT	4	229,698	158,716
Interest receivable and similar income		<u>146</u>	<u>127</u>
		229,844	158,843
Interest payable and similar charges	5	<u>1,189</u>	<u>2,150</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		228,655	156,693
Tax on profit on ordinary activities	6	<u>25</u>	<u>22</u>
PROFIT FOR THE FINANCIAL YEAR		<u>228,630</u>	<u>156,671</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

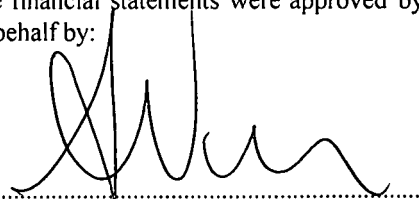
The company has no recognised gains or losses other than the profits for the current year or previous year.

Balance Sheet

31 December 2013

		2013	2012
	Notes	£	£
FIXED ASSETS			
Tangible assets	7	796,467	886,871
Investments	8	100	100
		<u>796,567</u>	<u>886,971</u>
CURRENT ASSETS			
Stocks	9	328,660	338,072
Debtors	10	1,608,816	1,255,235
Cash at bank and in hand		262,437	214,550
		<u>2,199,913</u>	<u>1,807,857</u>
CREDITORS			
Amounts falling due within one year	11	1,314,277	1,244,775
NET CURRENT ASSETS		<u>885,636</u>	<u>563,082</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,682,203</u>	<u>1,450,053</u>
CREDITORS			
Amounts falling due after more than one year	12	2,007,740	2,004,220
NET LIABILITIES		<u>(325,537)</u>	<u>(554,167)</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,550,000	1,550,000
Profit and loss account	15	(1,875,537)	(2,104,167)
SHAREHOLDERS' FUNDS	19	<u>(325,537)</u>	<u>(554,167)</u>

The financial statements were approved by the Board of Directors on 28-4-14 and were signed on its behalf by:



A Varisco - Director

Notes to the Financial Statements
for the Year Ended 31 December 2013

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

Turnover

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

In accordance with the clause contained in the company's agency contracts, wholesale commissions are recognised as earned once orders have been confirmed as opposed to delivery of goods.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the costs less estimated residual value of each asset over its expected useful life, as follows:

Long life leasehold improvements	Over the period of the lease on a straight line basis
Short life leasehold improvements	25% straight line
Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line

Stocks

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

Deferred tax

Deferred tax is provided in respect of all timing differences that have originated but not been reversed by the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised to the extent that it is considered more likely than not that they will be recovered.

Deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. The company does not discount deferred tax assets and liabilities.

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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Going concern

Moschino Spa, the company's parent company, has confirmed that it will provide such financial assistance as is necessary to support the company for foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. STAFF COSTS

	2013	2012
	£	£
Wages and salaries	511,153	477,505
Social security costs	70,816	74,650
Other pension costs	5,955	4,417
	<u>587,924</u>	<u>556,572</u>

The average monthly number of employees during the year was as follows:

	2013	2012
Retail Sales	5	4
Wholesale	4	4
Management & Administration	3	3
Press	2	2
	<u>14</u>	<u>13</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Depreciation - owned assets	95,690	101,904
Profit on disposal of fixed assets	-	(3,104)
Auditors' remuneration	5,600	5,600
Auditors' remuneration for non audit work	1,000	1,000
Foreign exchange differences	26,074	(44,549)
	<u>-</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Bank interest paid	<u>1,189</u>	<u>2,150</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2013 £	2012 £
Current tax:		
Under/(over) provision for previous year	25	22
Tax on profit on ordinary activities	<u>25</u>	<u>22</u>

7. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2013	1,689,440	14,220	45,375	1,749,035
Additions	-	2,976	2,310	5,286
Disposals	(13,382)	-	-	(13,382)
At 31 December 2013	<u>1,676,058</u>	<u>17,196</u>	<u>47,685</u>	<u>1,740,939</u>
DEPRECIATION				
At 1 January 2013	812,442	11,410	38,312	862,164
Charge for year	89,921	2,072	3,697	95,690
Eliminated on disposal	(13,382)	-	-	(13,382)
At 31 December 2013	<u>888,981</u>	<u>13,482</u>	<u>42,009</u>	<u>944,472</u>
NET BOOK VALUE				
At 31 December 2013	<u>787,077</u>	<u>3,714</u>	<u>5,676</u>	<u>796,467</u>
At 31 December 2012	<u>876,998</u>	<u>2,810</u>	<u>7,063</u>	<u>886,871</u>

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2013 and 31 December 2013	<u>100</u>
NET BOOK VALUE	
At 31 December 2013	<u>100</u>
At 31 December 2012	<u>100</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

8. FIXED ASSET INVESTMENTS - continued

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

Moschino UK LTD

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		2013	2012
		£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

9. STOCKS

	2013	2012
	£	£
Finished goods	<u>328,660</u>	<u>338,072</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade debtors	228,905	215,693
Amounts owed by group undertakings	549,776	510,366
Other debtors	4,125	2,522
Prepayments and accrued income	826,010	526,654
	<u>1,608,816</u>	<u>1,255,235</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Bank loans and overdrafts (see note 13)	1,288	90,393
Trade creditors	588,369	502,455
Amounts owed to group undertakings	685,395	528,020
Social security and other taxes	12,700	56,407
Accruals and deferred income	26,525	67,500
	<u>1,314,277</u>	<u>1,244,775</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013	2012
	£	£
Other loans (see note 13)	<u>2,007,740</u>	<u>2,004,220</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

13. LOANS

An analysis of the maturity of loans is given below:

	2013 £	2012 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,288</u>	<u>90,393</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>2,007,740</u>	<u>2,004,220</u>

Parent company had guaranteed Overdraft facility.

The loan of £2,007,740 is a non-interest bearing loan from Moschino SPA (Parent Company) for foreseeable future.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2013 £	2012 £
1,550,000	Ordinary	1	<u>1,550,000</u>	<u>1,550,000</u>

15. RESERVES

	Profit and loss account £
At 1 January 2013	(2,104,167)
Profit for the year	<u>228,630</u>
At 31 December 2013	<u>(1,875,537)</u>

16. ULTIMATE PARENT COMPANY

The immediate parent company is Moschino S.p.a, a company registered in Italy. The Directors consider the ultimate parent company to be AEFPE S.p.a, a company registered in Italy.

17. OTHER FINANCIAL COMMITMENTS

As at 31st December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and 2013 £	Buildings 2012 £
Expiry date: more than five years	<u>670,000</u>	<u>470,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

18. RELATED PARTY DISCLOSURES

The company is more than 90% subsidiary of its immediate parent company, Moschino S.p.a. The company has taken advantage of the exemption in financial reporting standard number 8 from the requirement to disclose transactions with group companies, of which Moschino S.p.a is the head company, on the grounds that consolidated financial statements are prepared by the immediate parent company.

Moschino S.p.a is jointly owned by AEFfe S.p.a (70%) and SIN V S.p.a (30%). The following related party transactions, which do not qualify for exemption from disclosure under the terms of financial reporting standard 8, were made during the year with entities that were members of groups of which either AEFfe S.p.a or SIN V S.p.a are the ultimate parent company.

	Sales	Purchases	Debtors	Creditors
	2013	2013	2013	2013
	£	£	£	£
AEFFE S.p.a	546,635	665,689	722	664,781
AEFFE Retail	-	2,713	-	3,187
AEFFE UK	14,000	-	13,984	-
Pollini SPA	369,405	38,064	-	13,019
Moschino SPA	702,301	91,630	544,830	23,181
Moschino France	28,283	19,540	19,286	5,410
Moschino NY	268	-	268	-
Moschino Berlin	3,037	11,891	1,890	6,615
AEFFE USA	-	89	-	405

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Profit for the financial year	228,630	156,671
share capital		
Net addition to shareholders' funds	228,630	156,671
Opening shareholders' funds	(554,167)	(710,838)
Closing shareholders' funds	(325,537)	(554,167)