

Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2014
for
Fashoff UK Limited

Adil Divecha (Senior Statutory Auditor)
Ward Divecha Limited
Chartered Accountants &
Statutory Auditors
29 Welbeck Street
London
W1G 8DA

TUESDAY



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Fashoff UK Limited (Registered number: 03405119)

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for the Year Ended 31 December 2014

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Fashoff UK Limited

Company Information
for the Year Ended 31 December 2014

DIRECTORS:

A Indaimo
A Varisco

SECRETARY:

Temple Secretarial Limited

REGISTERED OFFICE:

16 Old Bailey
London
EC4M 7EG

REGISTERED NUMBER:

03405119

AUDITORS:

Adil Divecha (Senior Statutory Auditor)
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

Fashoff UK Limited

Strategic Report
for the Year Ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

REVIEW OF BUSINESS

Fashoff UK Limited is the wholly owned subsidiary of Italian Luxury Fashion House, Moschino SPA. Fashoff UK sells Moschino products through 3 main channels:- Retail, Wholesale and Distribution. Fashoff also sells Alberta Ferretti products through its wholesale channel and is responsible for the PR and administration of the Alberta Ferretti Brand in the UK and Ireland.

Sales have been strong during 2014 owing to the brand awareness generated from a new creative Director.

Turnover of the company had increased to £4,185,634 (2013: £3,890,682) for the year ended 31st December 2014. Gross profit margin has also improved during the year to 62.4% (2013: 61.7%). Also net profit to sales improved to 14.4% (2013: 5.9%).

Providing global economic conditions remain stable we expect to continue this upward trend in 2015.

PRINCIPAL RISKS AND UNCERTAINTIES

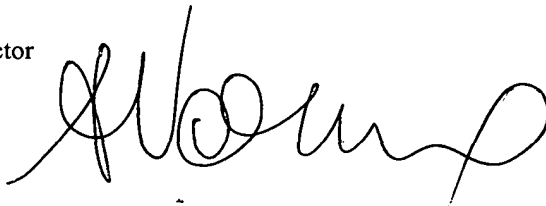
The Company's principal financial instruments comprise bank balances and trade creditors. The main purpose of these instruments is to provide finance for its day to day operation.

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

11 June 2015

A handwritten signature in black ink, appearing to be 'A Varisco', written over a horizontal line.

Report of the Directors
for the Year Ended 31 December 2014

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2014.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 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, Adil Divecha (Senior Statutory Auditor), will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



A Varisco - Director

11 June 2015

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 2014 on pages six to fourteen. 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 2014 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)
Ward Divecha Limited
Chartered Accountants &
Statutory Auditors
29 Welbeck Street
London
W1G 8DA

12 June 2015

Fashoff UK Limited (Registered number: 03405119)

Profit and Loss Account
for the Year Ended 31 December 2014

| | Notes | 2014 £ | £ | 2013 £ | £ |
|--|-------|-----------|-----------|-----------|-----------|
| TURNOVER | 2 | | 4,185,634 | | 3,890,682 |
| Cost of sales | | | 1,574,724 | | 1,488,714 |
| GROSS PROFIT | | | 2,610,910 | | 2,401,968 |
| Distribution costs | | 527,735 | | 506,291 | |
| Administrative expenses | | 1,520,267 | | 1,679,979 | |
| | | | 2,048,002 | | 2,186,270 |
| | | | 562,908 | | 215,698 |
| Other operating income | | | 39,000 | | 14,000 |
| OPERATING PROFIT | 4 | | 601,908 | | 229,698 |
| Interest receivable and similar income | | | 100 | | 146 |
| | | | 602,008 | | 229,844 |
| Interest payable and similar charges | 5 | | 3 | | 1,189 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 602,005 | | 228,655 |
| Tax on profit on ordinary activities | 6 | | 49 | | 25 |
| PROFIT FOR THE FINANCIAL YEAR | | | 601,956 | | 228,630 |

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.

The notes form part of these financial statements

Fashoff UK Limited (Registered number: 03405119)

Balance Sheet
31 December 2014

| | Notes | 2014 £ | 2013 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 706,464 | 796,467 |
| Investments | 8 | 100 | 100 |
| | | <u>706,564</u> | <u>796,567</u> |
| CURRENT ASSETS | | | |
| Stocks | 9 | 482,338 | 328,660 |
| Debtors | 10 | 1,700,461 | 1,608,816 |
| Cash at bank and in hand | | 253,434 | 262,437 |
| | | <u>2,436,233</u> | <u>2,199,913</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | 869,598 | 1,314,277 |
| NET CURRENT ASSETS | | <u>1,566,635</u> | <u>885,636</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,273,199</u> | <u>1,682,203</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 12 | 1,996,780 | 2,007,740 |
| NET ASSETS/(LIABILITIES) | | <u>276,419</u> | <u>(325,537)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 1,550,000 | 1,550,000 |
| Profit and loss account | 15 | (1,273,581) | (1,875,537) |
| SHAREHOLDERS' FUNDS | 19 | <u>276,419</u> | <u>(325,537)</u> |

The financial statements were approved by the Board of Directors on 11 June 2015 and were signed on its behalf by:



A Varisco - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2014

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 amounts receivable for goods and services net of VAT and trade discounts.

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

Monetary 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 2014

2. TURNOVER

The turnover and profit before taxation are attributed to the principal activities of the company. This being the wholesale and retail sales clothing.

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

3. STAFF COSTS

| | 2014 | 2013 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 499,950 | 511,153 |
| Social security costs | 70,878 | 70,816 |
| Other pension costs | 7,500 | 5,955 |
| | <u>578,328</u> | <u>587,924</u> |

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

| | 2014 | 2013 |
|-----------------------------|-----------|-----------|
| Retail Sales | 4 | 5 |
| Wholesale | 4 | 4 |
| Management & Administration | 4 | 3 |
| Press | 2 | 2 |
| | <u>14</u> | <u>14</u> |

4. OPERATING PROFIT

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

| | 2014 | 2013 |
|---|-----------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 96,175 | 95,690 |
| Auditors' remuneration | 5,600 | 5,600 |
| Auditors' remuneration for non audit work | 1,000 | 1,000 |
| Foreign exchange differences | <u>(57,272)</u> | <u>26,074</u> |
| Directors' remuneration | <u>-</u> | <u>-</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2014 | 2013 |
|--------------------|----------|--------------|
| | £ | £ |
| Bank interest paid | <u>3</u> | <u>1,189</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

6. TAXATION

Analysis of the tax charge

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

| | 2014 | 2013 |
|---|------------------|------------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 20 | - |
| Under/(over) provision for previous year | 29 | 25 |
| | <u>49</u> | <u>25</u> |
| Tax on profit on ordinary activities | <u>49</u> | <u>25</u> |

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2014 | 2013 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Profit on ordinary activities before tax | <u>602,005</u> | <u>228,655</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013 - 20%) | 120,401 | 45,731 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4,699 | 4,036 |
| Depreciation in excess of capital allowances | 14,856 | 14,246 |
| Utilisation of tax losses | (139,936) | (63,983) |
| Adjustments to tax charge in respect of previous periods | 29 | (5) |
| | <u>49</u> | <u>25</u> |
| Current tax charge | <u>49</u> | <u>25</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

7. TANGIBLE FIXED ASSETS

| | Improvements to property £ | Plant and machinery £ | Fixtures and fittings £ | Totals £ |
|-----------------------|-------------------------------------|-----------------------------|----------------------------------|------------------|
| COST | | | | |
| At 1 January 2014 | 1,676,058 | 17,196 | 47,685 | 1,740,939 |
| Additions | 2,291 | 1,893 | 1,988 | 6,172 |
| At 31 December 2014 | <u>1,678,349</u> | <u>19,089</u> | <u>49,673</u> | <u>1,747,111</u> |
| DEPRECIATION | | | | |
| At 1 January 2014 | 888,981 | 13,482 | 42,009 | 944,472 |
| Charge for year | 91,066 | 2,063 | 3,046 | 96,175 |
| At 31 December 2014 | <u>980,047</u> | <u>15,545</u> | <u>45,055</u> | <u>1,040,647</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2014 | <u>698,302</u> | <u>3,544</u> | <u>4,618</u> | <u>706,464</u> |
| At 31 December 2013 | <u>787,077</u> | <u>3,714</u> | <u>5,676</u> | <u>796,467</u> |

8. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|---|---|
| COST | |
| At 1 January 2014 and 31 December 2014 | <u>100</u> |
| NET BOOK VALUE | |
| At 31 December 2014 | <u>100</u> |
| At 31 December 2013 | <u>100</u> |

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

| | % holding | 2014 £ | 2013 £ |
|--------------------------------|--------------|-----------|-----------|
| Class of shares: | 100.00 | | |
| Ordinary | | <u>1</u> | <u>1</u> |
| Aggregate capital and reserves | | <u>1</u> | <u>1</u> |

9. STOCKS

| | 2014 £ | 2013 £ |
|----------------|----------------|----------------|
| Finished goods | <u>482,338</u> | <u>328,660</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014 | 2013 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 244,807 | 228,905 |
| Amounts owed by group undertakings | 510,118 | 549,776 |
| Other debtors | 1,708 | 4,125 |
| Prepayments and accrued income | 943,828 | 826,010 |
| | <u>1,700,461</u> | <u>1,608,816</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014 | 2013 |
|---|----------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 13) | 2,548 | 1,288 |
| Trade creditors | 624,187 | 588,369 |
| Amounts owed to group undertakings | 195,225 | 685,395 |
| Tax | 20 | - |
| Social security and other taxes | 37,018 | 12,700 |
| Accruals and deferred income | 10,600 | 26,525 |
| | <u>869,598</u> | <u>1,314,277</u> |

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

| | 2014 | 2013 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Other loans (see note 13) | <u>1,996,780</u> | <u>2,007,740</u> |

13. LOANS

An analysis of the maturity of loans is given below:

| | 2014 | 2013 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | <u>2,548</u> | <u>1,288</u> |
| Amounts falling due between two and five years: | | |
| Other loans - 2-5 years | <u>1,996,780</u> | <u>2,007,740</u> |

Parent company had guaranteed Overdraft facility.

The loan of £1,996,780 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: | 2014 | 2013 |
|-----------|----------|----------------|------------------|------------------|
| | | | £ | £ |
| 1,550,000 | Ordinary | 1 | <u>1,550,000</u> | <u>1,550,000</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

15. RESERVES

| | Profit and loss account £ |
|---------------------|--|
| At 1 January 2014 | (1,875,537) |
| Profit for the year | 601,956 |
| At 31 December 2014 | <u>(1,273,581)</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 AEF FE S.p.a, a company registered in Italy.

17. OTHER FINANCIAL COMMITMENTS

As at 31st December 2014 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and 2014 £ | Buildings 2013 £ |
|--------------------------------------|--------------------------------|---------------------------------|
| Expiry date: more than five years | <u>670,000</u> | <u>670,000</u> |

18. RELATED PARTY DISCLOSURES

The company is more than 90% subsidiary of its immediate parent company, Moschino S.p.a. Moschino S.p.a is jointly owned by AEF FE 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 AEF FE S.p.a or SIN V S.p.a are the ultimate parent company.

| | Sales 2014 £ | Purchases 2014 £ | Debtors 2014 £ | Creditors 2014 £ |
|-----------------|-----------------------------|---------------------------------|-------------------------------|---------------------------------|
| AEF FE S.p.a | 707,049 | 708,594 | 259,837 | 447,064 |
| AEF FE UK | 50,644 | - | 51,257 | - |
| Moschino France | 20,634 | 22,221 | 39,920 | 27,631 |
| Moschino Berlin | 3,457 | 6,730 | 5,347 | 13,345 |
| Moschino SPA | 841,819 | 120,011 | 403,323 | 7,091 |
| Pollini SPA | 303,401 | 34,466 | 55,825 | 5,484 |
| Velmar SPA | 9,945 | 19 | 9,945 | - |

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2014 | 2013 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Profit for the financial year | 601,956 | 228,630 |
| Net addition to shareholders' funds | 601,956 | 228,630 |
| Opening shareholders' funds | (325,537) | (554,167) |
| Closing shareholders' funds | 276,419 | (325,537) |