

ANTLER LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2014

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REPORT AND FINANCIAL STATEMENTS 2014

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J B Grenfell	(resigned 03 February 2015)
S M Smith	(resigned 20 January 2015)
C R Hurley	(resigned 03 February 2015)
G Gould	
J Reynolds	(resigned 11 August 2014)
D P Sharman	(appointed 31 January 2014)
S J Case	(appointed 31 July 2015)
K Holdt	(appointed 12 May 2015)
K Pacey	(appointed 21 May 2015)

SECRETARY

S J Case	(appointed 31 July 2015)
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REGISTERED OFFICE

Northdown House
11-21 Northdown Street
London
N1 9BN

BANKERS

Lloyds TSB Bank Plc
8th Floor
40 Spring Gardens
Manchester
M2 1EN

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

STRATEGIC REPORT

The directors present their strategic report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group's principal activities are the design, manufacture and distribution of luggage and travel goods. These products are sold to specialist and multiple high street retailers, and also through the Group's own retail operations.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results of the Group, set out in detail on page 7, show an operating loss of £2,765,000 (2013: loss of £2,291,000) and loss before tax of £5,699,000 (2013: loss of £7,072,000). The year was a difficult trading period for the company with high costs continuing from 2013 into the first half of 2014, compounded by a failed sales strategy and re-branding exercise, which significantly impacted turnover, especially in the last quarter of 2014. The loss before exceptional costs, interest, taxation, depreciation and goodwill and trademark amortisation ('EBITDA') for the year was £1,542,000 (2013: loss of £1,134,000), representing -4.9% (2013: -2.9%) of sales.

The year involved right sizing the cost base to an appropriate level given the significant loss of sales throughout 2014. The failed sales strategy and re-branding exercise resulted in a change to the senior leadership team over the summer, followed by a roadshow to all customers throughout the second half of the year.

Many customer relationships, especially in the UK, required significant rebuilding and this exercise will continue through 2015 and into 2016. Unfortunately, due to the necessary change in strategic direction and to the cost base, exceptional costs relating to staff and branding continued to be incurred in 2014.

The short term focus for the Group involves rebuilding the business and establishing a platform for growth which can be scaled as sales volumes return. The directors expect the Group's losses to narrow significantly in 2015 as the business continues to focus on customer relationships and service. On a further positive note, the worldwide market for luggage continues to grow and despite the difficult trading in recent times, Antler remains a well known and respected global brand with a loyal customer base.

The international market also appears increasingly attractive and represents the best opportunity for future sales growth. The Group will continue to escalate activities in order to expand its existing distribution footprint.

The Group continues to invest in research and development investing £129,000 in this area during 2014 (2013: £151,000). This has resulted in a number of new products being launched recently which are expected to make significant contributions to the growth of the business. The directors regard investment in this area as a prerequisite for success in the medium to long-term future.

The Group uses Key Performance Indicators ('KPIs') to monitor and assess business performance. The main KPIs used by the Group are sales and EBITDA. Sales declined from £39,199,000 in 2013 to £31,629,000 in 2014. EBITDA also declined from a loss of £1,134,000 in 2013 to a loss of £1,542,000 in 2014. The reasons for the year on year decline in both sales and EBITDA are outlined above.

The Group continued to operate a branch office in the USA during the year.

There were no significant events since the balance sheet date.

The directors are satisfied with the performance of the business given the current market conditions and the challenges faced during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of the group continually monitor the principal risks and uncertainties surrounding the business and consider the following risks to be the most important to the future of the business.

STRATEGIC REPORT (continued)*Competitors*

Competitive pressure in the UK is a continuing risk for the Group. The Group manages this risk by on-going investment in product innovation, continually striving to improve customer service and relationships, and by empowering its staff to drive positive change. Additional international focus also helps the business to reduce the exposure to the economic conditions in the UK.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Maximum exposure is limited to the carrying amounts of the financial assets presented in the Group's consolidated financial statements. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate as these factors have an influence on credit risk.

There is no material concentration of credit risk geographically or with any single customer. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including aging profile and existence of previous financial difficulties. Customers that are considered to be high risk are placed on credit hold and monitored by the Group and future sales are made on an approval of pro forma basis. The Group also takes out credit insurance on its larger overseas customers due to the higher perceived risk of trading with customers residing outside of the UK.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group's primary sources of liquidity are its cash flows from operating activities and available lines of credit. Following the securing of £8,750,000 of new senior debt facilities in June 2014, as detailed in note 17 to the financial statements, the Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet its operating and capital requirements for at least the next twelve months.

Foreign Exchange Risk


The Group is exposed to currency risk on purchases and trade receivables that are denominated in a currency other than the respective functional currencies of the company or its subsidiary.

The bulk of the Group's product purchases are made in US Dollars whereas a significant proportion of its sales are made in Sterling. The Group is therefore subject to potential foreign exchange risk resulting from movements in the US Dollar / Sterling exchange rate. However, the Group benefits from a partial hedge by virtue of its significant sales denominated in US Dollars. The Company continually monitors the net residual foreign exchange risk and mitigates this primarily through the use of forward exchange contracts.

GOING CONCERN

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details regarding the adoption of the going concern basis of accounting can be found in note 1 to the financial statements.

Approved by the Board of Directors and signed by order of the Board



S Case
Director

16 December

2015

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the audited financial statements for the year ended 31 December 2014.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividend can be paid (2013: nil). The loss of £5,677,000 (2013: loss of £7,072,000) has been withdrawn from reserves.

DIRECTORS

The directors who served during the year and thereafter, except as noted, are set out on page 1.

DISABLED EMPLOYEES

The Group has an established policy of encouraging the employment of disabled persons wherever this is practical. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. The Group endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and commits itself to maintaining regular contact and exchange of information on matters affecting the performance of the Group through the directors. This is achieved through regular communication.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Group made no charitable donations or political contributions (2013: £nil).

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability has been purchased by the Group during the year.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

Deloitte LLP have indicated their willingness to be reappointed for another term and a resolution to reappoint Deloitte LLP as the Company's auditor will be put to the Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board



S Case
Director

16 December

2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 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 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; and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTLER LIMITED

We have audited the consolidated financial statements of Antler Limited and Antler for the year ended 31 December 2014, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and parent company balance sheets, the consolidated and parent company reconciliation of movements in shareholders' deficit, the consolidated cash flow statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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. 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 annual report 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTLER LIMITED
(continued)

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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.



William Smith MA FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

16 December 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
TURNOVER	2	31,629	39,199
Cost of sales and overheads	3	(33,550)	(40,693)
Amortisation of goodwill included in operating loss	11	(797)	(797)
Amortisation of trademarks included in operating loss	11	(25)	-
OPERATING LOSS		(2,743)	(2,291)
Costs of fundamental restructuring of continuing operations	6	(1,351)	(3,314)
Interest payable and similar charges	5	(1,583)	(1,467)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	7	(5,677)	(7,072)
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE FINANCIAL YEAR	19	(5,677)	(7,072)

All results are derived from continuing activities.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2014

	2014 £'000	2013 £'000
Loss for the financial year	(5,677)	(7,072)
Currency translation difference on foreign currency net investments	(105)	40
Total recognised gains and losses	(5,782)	(7,032)

CONSOLIDATED BALANCE SHEET
As at 31 December 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Intangible assets - goodwill	11	4,281	5,077
Intangible assets - other	11	305	151
Tangible assets	12	478	787
		<u>5,064</u>	<u>6,015</u>
CURRENT ASSETS			
Stocks	13	3,429	5,756
Debtors	14	2,713	4,060
Cash at bank and in hand		502	67
		<u>6,644</u>	<u>9,883</u>
CREDITORS: amounts falling due within one year	15	<u>(7,087)</u>	<u>(8,824)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(443)</u>	<u>1,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,621</u>	<u>7,074</u>
CREDITORS: amounts falling due after more than one year	16	<u>(19,812)</u>	<u>(16,483)</u>
NET LIABILITIES		<u>(15,191)</u>	<u>(9,409)</u>
CAPITAL AND RESERVES			
Called-up share capital	18	81	81
Share premium account	19	160	160
Capital redemption reserve	19	14	14
Profit and loss account	19	<u>(15,446)</u>	<u>(9,664)</u>
SHAREHOLDERS' DEFICIT		<u>(15,191)</u>	<u>(9,409)</u>

These financial statements of Antler Limited, registered number 07111190, were approved by the Board of Directors and authorised for issue on *16 December* 2015.

Signed on behalf of the Board of Directors, , ,



S Case
 Director

PARENT COMPANY BALANCE SHEET
As at 31 December 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	10	-	-
Intangible assets - goodwill	11	4,171	4,947
Intangible assets - other	11	305	151
Tangible assets	12	472	735
		<u>4,949</u>	<u>5,833</u>
CURRENT ASSETS			
Stocks	13	3,429	5,734
Debtors	14	4,205	5,514
Cash at bank and in hand		498	14
		<u>8,132</u>	<u>11,262</u>
CREDITORS: amounts falling due within one year	15	<u>(7,078)</u>	<u>(8,807)</u>
NET CURRENT ASSETS		<u>1,054</u>	<u>2,455</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,003</u>	<u>8,288</u>
CREDITORS: amounts falling due after more than one year	16	<u>(19,812)</u>	<u>(16,483)</u>
NET LIABILITIES		<u><u>(13,810)</u></u>	<u><u>(8,195)</u></u>
CAPITAL AND RESERVES			
Called-up share capital	18	81	81
Share premium account	19	160	160
Capital redemption reserve	19	14	14
Profit and loss account	19	(14,065)	(8,450)
SHAREHOLDERS' DEFICIT		<u><u>(13,810)</u></u>	<u><u>(8,195)</u></u>

These financial statements of Antler Limited, registered number 07111190, were approved by the Board of Directors and authorised for issue on *16 December* 2015.

Signed on behalf of the Board of Directors



S Case
 Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT
Year ended 31 December 2014

	Consolidated 2014 £'000	Company 2014 £'000	Consolidated 2013 £'000	Company 2013 £'000
Loss for the financial year	(5,677)	(5,614)	(7,072)	(6,598)
Currency translation differences on foreign currency net investments	(105)	-	40	-
Shares bought back and cancelled	-	-	(14)	(14)
Net increase in shareholders' deficit	(5,782)	(5,614)	(7,046)	(6,612)
Opening shareholders' deficit	(9,409)	(8,195)	(2,363)	(1,583)
Closing shareholders' deficit	(15,191)	(13,809)	(9,409)	(8,195)

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Net cash inflow/(outflow) from operating activities	22	526	(20)
Returns on investments and servicing of finance			
Interest paid		(142)	(123)
Net cash outflow from returns on investments and servicing of finance		(142)	(123)
Tax received		-	8
Capital expenditure			
Purchase of tangible and intangible fixed assets		(265)	(863)
Proceeds from disposals of fixed assets		-	932
Net cash (outflow)/inflow from capital expenditure		(265)	69
Net cash inflow/(outflow) before financing		119	(66)
Financing			
Repayment of bank borrowings		(707)	(1,722)
New Bank Loans		2,038	-
Purchase of own shares		-	(14)
Net cash inflow / (outflow) from financing		1,331	(1,736)
Increase / (decrease) in cash	23	1,450	(1,802)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and prior year, is set out below.

Accounting convention

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

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The Group replaced its previous revolving credit facility in June 2014 with an asset-based loan facility of £5,750,000 which has been agreed for a three year minimum term to 2 June 2017 and a cash flow facility of £3,000,000 repayable on 31 July 2016. The directors expect the cash flow facility will be renewed if required in July 2016. The Group also has unsecured loan notes outstanding which are repayable in May 2020. Further details on this facility are contained in note 17.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the risks detailed in the strategic report, show that the Group is expected to continue to operate within the level of its current facilities for a period of at least 12 months from the date of approval of the financial statements.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

Development costs relating to specific commercially viable projects have been capitalised at cost where it can be reasonably assumed that future cash flows will result. Costs are amortised on a straight-line basis once commercial production has begun and annual impairment reviews are undertaken.

Trademarks are capitalised at cost, when incurred and amortised over their specific registration period.

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful life, as follows:

Motor vehicles	3 years
Freehold land and buildings	20-50 years
Plant and equipment	3-10 years

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of production overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at 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. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Research and development

Research and development expenditure costs are capitalised only to the extent that the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period the Group is expected to benefit. Provision is made for any impairment.

Leases

Rentals under operating leases are charged to the profit and loss account in equal annual amounts over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension costs

The Group operates a defined contribution pension scheme covering the majority of its employees. Such contributions are held in trustee administered funds completely independent of the Group's finances.

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the year. Finance costs are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of trade discounts and value-added tax. Revenue is recognised at the point of despatch. The turnover and pre-tax loss is all attributable to the Group's principal activity. Turnover is split on a geographical basis as follows:

	2014 £'000	2013 £'000
United Kingdom	21,562	26,915
Rest of Europe	51	233
United States	95	1,841
Rest of the world	9,921	10,210
	<u>31,629</u>	<u>39,199</u>

3. COST OF SALES AND OVERHEADS

	2014 £'000	2013 £'000
Changes in stock of finished goods and work in progress	(2,282)	(2,235)
Purchase of raw material and consumables	22,421	26,571
Staff costs (note 4)	5,056	6,705
Depreciation charge	401	360
Other operating expenses	7,954	9,292
	<u>33,550</u>	<u>40,693</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014	2013
	£'000	£'000
Directors' emoluments		
Remuneration	249	417
Amounts contributed to defined contribution pension schemes	-	26
Compensation for loss of office	124	-
Sums paid to third parties in respect of directors' services	108	254
	<u>481</u>	<u>697</u>
	No.	No.
Pensions		
The number of directors who were members of the pension scheme was as follows:		
Defined contribution pension scheme	1	2
	<u>£'000</u>	<u>£'000</u>
Remuneration of the highest paid director was as follows:		
Emoluments	167	298
Amounts contributed to defined contribution pension scheme	-	-
Compensation for loss of office	123	-
	<u>291</u>	<u>298</u>
	No.	No.
Average monthly number of persons employed (including executive directors)		
Sales, distribution and administration	233	371
	<u>£'000</u>	<u>£'000</u>
Staff costs during the year (including directors)		
Wages and salaries	4,567	6,080
Social security costs	401	463
Pension costs	88	162
	<u>5,056</u>	<u>6,705</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£'000	£'000
Interest payable on bank loans	145	93
Interest payable on loan notes	1,372	1,247
Amortisation of debt issue costs	66	127
	<u>1,583</u>	<u>1,467</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

6. COSTS OF A FUNDAMENTAL RESTRUCTURING OF CONTINUING OPERATIONS

The Group continued to incur significant staff and employment costs in relation to the Head Office relocation in the prior year when the majority of the workforce was replaced. The move was initiated to improve customer relationships and to attract higher calibre product designers. Alongside the redundancy and recruitment costs associated with the move, the Company also continued to invest in the rebranding exercise which started in the prior year. The Company also incurred a one off loss from the sale of the old Head Office in the prior year.

Exceptional costs charged to the profit and loss were:

	2014 £'000	2013 £'000
Staff and employment costs	1,085	1,542
Brand repositioning	161	815
Legal and consultancy	45	196
Relocation costs	60	332
Loss of disposal of fixed assets	-	429
	<hr/>	<hr/>
Charge to profit and loss account	1,351	3,314
	<hr/>	<hr/>

The effects of the exceptional items reported after operating profit on the amounts charged to the profit and loss account for taxation was an increase of £284,000 (2013: £771,000) on the tax losses carried forward.

7. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation		
Owned assets	401	360
Loss on disposal of fixed assets	-	289
Rentals under operating leases		
Hire of plant and machinery	90	153
Land and buildings	2,202	2,947
Restructuring costs	1,351	3,314
The analysis of auditor's remuneration is as follows:		
Fees payable for the audit of the Company's financial statements	27	27
Fees payable for the audit of the Company's subsidiaries	1	1
Tax compliance services	5	5
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
Current tax		
United Kingdom corporation tax	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on loss on ordinary activities	-	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2014 £'000	2013 £'000
Loss on ordinary activities before tax	(5,677)	(7,072)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21% (2013: 23.25%)	(1,192)	(1,644)
Effects of:		
Expenses not deductible for tax purposes	296	338
Depreciation in excess of capital allowances	159	93
Other short term timing differences	(1)	24
Adjustments in respect of foreign tax rates	(76)	-
Losses carried forward	814	1,189
Adjustments in respect of prior years	-	-
Total current tax	-	-

Deferred taxation assets of £66,000 (2013: £73,000) in respect of capital allowances, £1,830,000 (2013: £1,094,000) in respect of losses carried forward and £nil (2013: £nil) in respect of other timing differences have not been recognised because of the uncertainty surrounding the availability of suitable taxable gains in the future.

The tax charge in future periods will be affected by the announcement that the corporation tax main rate will reduce to 21% from 1 April 2014 and 20% from 1 April 2015. The reductions were substantively enacted before the balance sheet date. The deferred tax balances as at 31 December 2014 have therefore been calculated at a rate of 20%.

9. RESULT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The Parent Company's loss after tax for the financial year amounted to £5,614,000 (2013: £6,598,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

10. INVESTMENTS

				£'000
Cost and net book value				
At 1 January 2014 and 31 December 2014				-
At 31 December 2013 2014 the Company had an investment in the following subsidiary undertaking:				
Company	Principal activity	Country of incorporation	Holding ordinary	Shareholding
Antler USA Limited	Sale of travel and related products	England	Ordinary	100%

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000
Cost	
At 1 January 2014 and at 31 December 2014	7,966
Amortisation	
At 1 January 2014	2,889
Charge for the year	797
At 31 December 2014	3,686
Net book value	
At 31 December 2014	4,281
At 31 December 2013	5,077
Company	Goodwill £'000
Cost	
At 1 January 2014 and at 31 December 2014	7,760
Amortisation	
At 1 January 2014	2,813
Charge for the year	776
At 31 December 2014	3,589
Net book value	
At 31 December 2013/2014	4,171
At 31 December 2013	4,947

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

11. INTANGIBLE FIXED ASSETS (continued)

Group	Other Intangibles – development costs £'000
Cost	
At 1 January 2014	151
Additions	129
At 31 December 2014	280
Amortisation	
At 1 January 2014 and at 31 December 2014	-
Net book value	
At 31 December 2013 2014	280
At 31 December 2013	151
Company	Other Intangibles – development costs £'000
Cost	
At 1 January 2014	151
Additions	129
At 31 December 2104	280
Amortisation	
At 1 January 2014 and at 31 December 2014	-
Net book value	
At 31 December 2014	280
At 31 December 2013	151

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

11. INTANGIBLE FIXED ASSETS (continued)

Group	Other Intangibles – trademark costs £'000
Cost	
At 1 January 2014	-
Additions	50
	<hr/>
At 31 December 2014	50
Amortisation	
At 1 January 2014	-
Charge for the year	25
	<hr/>
At 31 December 2014	25
Net book value	
At 31 December 2013/2014	25
	<hr/> <hr/>
At 31 December 2013	-
	<hr/> <hr/>
Company	
	Other Intangibles – trademark costs £'000
Cost	
At 1 January 2014	-
Additions	50
	<hr/>
At 31 December 2013/2014	50
Amortisation	
At 1 January 2014	-
Charge for the year	25
	<hr/>
At 31 December 2014	25
Net book value	
At 31 December 2014	25
	<hr/> <hr/>
At 31 December 2013	-
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

12. TANGIBLE FIXED ASSETS

Group

	Plant and equipment £'000
Cost	
At 1 January 2014	1,740
Additions	92
Disposals	-
	<hr/> 1,832
At 31 December 2014	
Accumulated depreciation	
At 1 January 2014	953
Charge for the year	401
Disposals	-
	<hr/> 1,354
At 31 December 2013	
Net book value	
At 31 December 2014	<hr/> 478
At 31 December 2013	<hr/> 787

Company

	Plant and equipment £'000
Cost	
At 1 January 2014	1,639
Additions	88
Disposals	-
	<hr/> 1,727
At 31 December 2014	
Accumulated depreciation	
At 1 January 2014	904
Charge for the year	351
Disposals	-
	<hr/> 1,255
At 31 December 2014	
Net book value	
At 31 December 2014	<hr/> 472
At 31 December 2013	<hr/> 735

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

13. STOCKS

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Raw materials and consumables	-	-	7	7
Finished goods	3,429	3,429	5,749	5,727
	<u>3,429</u>	<u>3,429</u>	<u>5,756</u>	<u>5,734</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

14. DEBTORS

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Amounts due within one year				
Trade debtors	1,852	1,852	2,796	2,712
Amounts due from subsidiary companies	-	1,492	-	1,538
Other debtors	55	55	431	431
Prepayments and accrued income	806	806	833	833
	<u>2,713</u>	<u>4,205</u>	<u>4,060</u>	<u>5,514</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Bank overdraft	-	-	1,015	1,015
Secured bank loan	-	-	589	589
Trade creditors	4,023	4,014	4,628	4,610
Other creditors	167	167	78	78
Other taxation and social security	288	288	191	191
Accruals and deferred income	2,609	2,609	2,323	2,324
	<u>7,087</u>	<u>7,078</u>	<u>8,824</u>	<u>8,807</u>

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

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Secured bank loan	-	-	118	118
Loan notes	17,774	17,774	16,365	16,365
Loan Facility	2,038	2,038	-	-
	<u>19,812</u>	<u>19,812</u>	<u>16,483</u>	<u>16,483</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

17. BANK LOANS AND LOAN NOTES

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Unsecured loan stock	17,951	17,951	16,575	16,575
Term loan	-	-	707	707
Loan Facility	2,174	2,174	-	-
	<u>20,125</u>	<u>20,125</u>	<u>17,282</u>	<u>17,282</u>
Less deferred issue costs	(313)	(313)	(210)	(210)
	<u>19,812</u>	<u>19,812</u>	<u>17,072</u>	<u>17,072</u>

Bank loans and overdrafts within creditors due within 1 year are shown net of deferred issue costs of £nil (2013: £nil). During the year a repayment of £707,000 (2013: £1,722,000) was made on the term loan which is included within loan repayments in the cash flow statement. The unsecured loan stock is repayable on 7 May 2020, or upon the disposal of the business if earlier. Interest accrued on the unsecured loan stock has been rolled up into the loan and is repayable on 7 May 2020. Interest on the unsecured loan stock is payable at a fixed rate of 8%.

The Group replaced its previous revolving credit facility in June 2014 with a new senior debt facility totalling £8,750,000. This facility comprises asset based lending facilities totalling £5,750,000 which have been agreed for a three year minimum term to 2 June 2017 and a cash flow facility of £3,000,000 repayable on 31 July 2016.

Borrowings are repayable as follows:

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Term loan				
Within one year	-	-	589	589
Between one and two years	-	-	118	118
Between two and five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>707</u>	<u>707</u>
Less deferred issue costs	-	-	-	-
	<u>-</u>	<u>-</u>	<u>707</u>	<u>707</u>
Unsecured loan stock				
After five years	17,951	17,951	16,575	16,575
	<u>17,951</u>	<u>17,951</u>	<u>16,575</u>	<u>16,575</u>
Less deferred issue costs	(177)	(177)	(210)	(210)
	<u>17,774</u>	<u>17,774</u>	<u>16,365</u>	<u>16,365</u>
Loan Facility				
Between two and five years	2,174	2,174	-	-
	<u>2,174</u>	<u>2,174</u>	<u>-</u>	<u>-</u>
Less deferred issue costs	(136)	(136)	-	-
	<u>2,038</u>	<u>2,038</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

17. BANK LOANS AND LOAN NOTES (continued)

	20,125	20,125	17,282	17,282
Total loans				
Less deferred issue costs	(313)	(313)	(210)	(210)
	<u>19,812</u>	<u>19,812</u>	<u>17,072</u>	<u>17,072</u>
Amounts due in less than one year	-	-	589	589
Amounts due after more than one year	<u>19,812</u>	<u>19,812</u>	<u>16,483</u>	<u>16,483</u>
	<u>19,812</u>	<u>19,812</u>	<u>17,072</u>	<u>17,072</u>

18. CALLED-UP SHARE CAPITAL

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Called-up, allotted and fully paid				
40,000 (2013: 40,000) A1 Ordinary Shares at 20p each	8	8	8	8
160,000 (2013: 160,000) A2 Ordinary Shares at 20p each	32	32	32	32
40,643 (2013: 40,643) Ordinary Shares at £1 each	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>
	<u>81</u>	<u>81</u>	<u>81</u>	<u>81</u>

During the year the Company allotted £nil (2013: nil) Ordinary Shares for cash consideration of £nil (2013: £nil) and repurchased at par and cancelled £nil (2013: 14,194) Ordinary Shares.

The relative rights of the shareholders are as follows:

Income:

All shares rank pari passu as if the Ordinary Shares and the A1 and A2 Ordinary Shares constituted one class of share.

Capital:

On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company after payment of its liabilities shall be applied first in paying to the holders of the A Ordinary Shares an amount equal to the subscription price (including any premium) paid for such shares, next in paying to the holders of the Ordinary Shares an amount equal to the subscription price (including any premium) paid for such shares and the remainder be distributed amongst the holders of the Ordinary Shares and the A Ordinary Shares pari passu as if the Ordinary Shares and the A Ordinary Shares constituted one class of share.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

18. CALLED-UP SHARE CAPITAL (continued)

Voting:

The holders of Ordinary Shares have the right to receive notice of and to attend, speak and vote at all general meetings of the Company.

The holders of A1 Ordinary Shares have the right to receive notice of and to attend, speak and vote at all general meetings of the Company.

In the event of any of the following, the holders of the A1 Ordinary Shares shall be entitled to exercise on a poll vote at a general meeting, or on a vote on a written resolution, such number of votes as shall confer upon the A1 Ordinary Shares as a class 95% of the total voting rights of all shares at the relevant time:

- all or part of the principal amount of the Loan Notes, or any interest thereon, has become due for repayment or payment and has not been paid in full;
- an event of default or potential event of default has occurred under the Facilities Agreement or any debenture of the Company or any other Group Company, which breach (if capable of remedy) has not been remedied within seven days' notice to the Company from an Investor Majority requiring it to be remedied;
- either:
 - i. the working capital of the Group is prejudiced to such an extent that either (A) the Group is likely to require additional funding so as to preserve a reasonable and prudent working capital position or (B) there is a probability that the Group will commit a breach of any cash related covenant arising pursuant to the Facilities agreement; or
 - ii. there is a probability that the Group will commit a breach of any of the other financial covenants in the Facilities agreement; or
 - iii. a breach has occurred of the Shareholders Agreement or the Articles of Association other than by a holder of A Ordinary Shares, which breach (if capable of remedy) has not been remedied within seven days of notice to the Company from an Investor Majority requiring it to be remedied; or
 - iv. the Group fails in any 3 month rolling period to achieve in excess of 85% of either the target earnings before interest, tax, depreciation and amortisation or the target cash flow as reasonably determined by the Investor Majority by reference to the then most recent management accounts of the relevant Group Company delivered to the Investors.

The holders of A2 Ordinary Shares have no rights to attend, speak or vote at any general meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

19. RESERVES

The movement on reserves during the year was as follows:

Group	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account £'000
At 1 January 2014	14	160	(9,664)
Currency translation differences on foreign currency net investments	-	-	(105)
Loss for the financial year	-	-	(5,677)
At 31 December 2014	<u>14</u>	<u>160</u>	<u>(15,446)</u>
Company	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account £'000
At 1 January 2014	14	160	(8,450)
Loss for the financial year	-	-	(5,615)
At 31 December 2014	<u>14</u>	<u>160</u>	<u>(14,065)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

20. FINANCIAL COMMITMENTS

Operating lease commitments

The Group had the following annual commitments under non-cancellable operating leases:

	Group Land and buildings 2014 £'000	Company Land and buildings 2014 £'000
Leases which expire:		
Within one year	77	77
Within 2 to 5 years	645	645
After 5 years	703	703
	<u>1,425</u>	<u>1,425</u>

Contingent liabilities

The Group and Company had no amounts outstanding at 31 December 2014 under guarantees given in the normal course of business (2013: £nil).

The Group and Company had outstanding letters of credit at 31 December 2014 of £669,000 (2013: £1,026,000).

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. At 31 December 2014, the Group and Company had outstanding forward exchange contracts to buy foreign currency to the value of £3,704,000 (2013: £4,104,000), with a fair value at the balance sheet date of £149,000 (2013: £159,000 liability).

21. PENSIONS

The Group operates a defined contribution pension scheme for all employees of the Group. The assets of the scheme are held separately from those of Group. The total cost charged to income of £88,000 (2013: £162,000) represents contributions payable to the scheme at rates specified by the plan. At 31 December 2014, £12,000 (2013: £19,000) of contributions in respect of the current year were due to be paid over to the scheme. These contributions were paid to the scheme on 23 January 2015.

22. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2014 £'000	2013 £'000
Operating loss	(2,743)	(2,291)
Exceptional costs	(1,351)	(3,184)
Depreciation charges	401	360
Amortisation of goodwill	822	797
Loss on disposal of assets	-	289
Decrease in stock	2,318	3,712
Decrease/(increase) in debtors	1,347	(396)
(Decrease)/increase in creditors	(286)	653
Net effect of foreign exchange differences	40	40
Net cash inflow/(outflow) from operating activities	<u>548</u>	<u>(20)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

23. RECONCILIATION OF NET CASH OUTFLOW TO MOVEMENT IN NET DEBT

	2014	2013
	£'000	£'000
Increase/(decrease) in cash in the year	1,450	(1,802)
Net cash inflow from increase in debt	(2,038)	-
Repayment of term loan	707	1,722
	<hr/>	<hr/>
Changes in net debt resulting from cash flows	119	(80)
Amortisation of debt issue costs	(34)	(257)
Capitalisation of accrued interest charges	(1,375)	(1,247)
	<hr/>	<hr/>
Increase in net debt	(1,290)	(1,584)
Opening net debt	(18,020)	(16,436)
	<hr/>	<hr/>
Closing net debt	<u>(19,310)</u>	<u>(18,020)</u>

24. ANALYSIS OF CHANGES IN NET DEBT

	At			At
	1 January	Cash	Non-cash	31 December
	2014	flow	flows	2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	67	435	-	502
Overdraft	(1,015)	1,015		
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,009)	1,450		502
Debt due within one year				
Term loan	(589)	589	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due after one year				
Term loan	(118)	(1,920)	-	(2,038)
Unsecured loan stock	(16,365)	-	(1,409)	(17,774)
	<hr/>	<hr/>	<hr/>	<hr/>
Movement in net debt	(17,072)	(1,331)	(1,409)	(19,812)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing net debt	<u>(18,020)</u>	<u>119</u>	<u>(1,409)</u>	<u>(19,310)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

25. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption included in Financial Reporting Standard No.8 “Related Party Disclosures” for wholly-owned subsidiaries not to disclose transactions with entities that are part of the Antler Limited Group of companies.

Lloyds Development Capital (Holdings) Limited (“LDC”) is the holder of the majority of the Group’s share capital and loan notes, and is therefore deemed a related party. Transactions with LDC during the year and outstanding balances at year end were as follows:

- £10,800,000 (2013: £10,800,000) loan note balance at the year end;
- £4,726,000 (2013: £3,536,000) accrued interest on loan notes at the year end; and
- £nil (2013: £56,000) paid to LDC during the year for monitoring services.

Lloyds Bank Plc are the ultimate parent undertaking of LDC and are the principal bankers of Antler Limited, and are therefore deemed to be a related party. Transactions with Lloyds Bank Plc during the year and outstanding balances at the year end were as follows:

- £nil (2013: £707,000) bank loan balance at the year end (note 17); and
- £nil (2013: £3,000,000) revolving credit facility at the year end.

26. ULTIMATE PARENT COMPANY

The majority of the Group’s share capital is owned by LDC. As none of the events of default described in note 18 have occurred, no single shareholder has overall control of the Group. However, the directors of Antler Limited regard Lloyds Bank Plc, as the ultimate parent undertaking of LDC, as the ultimate controlling party of the Group.

Antler Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the accounts of the ultimate parent company can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.