



Peter Hahn Limited

**Annual Report and Financial Statements
Year Ended 30 September 2014**

Company Registration Number: 03341321

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Peter Hahn Limited

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The following pages do not form part of the statutory financial statements:

Detailed Profit and Loss Account	14 to 15
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Peter Hahn Limited

Strategic Report

Year Ended 30 September 2014

The directors present their strategic report for the year ended 30 September 2014.

Business review

Fair review of the business

Despite the difficult economic environment the company has performed in line with the previous financial year. Sales have remained consistent with the previous year and gross margin has increased from 5.9% in 2013 to 6.1% due to reduced intercompany costs. Overall operating margin has reduced from 3.1% in 2013 to 3.0% in the current year.

The company recorded a profit before tax of £306,103 compared to a profit of £301,769 in the previous year.

Management are pleased with progress in the United Kingdom as orders have continued to grow and the UK business is considered to be secure.

The company plans to build on these results and continue to increase sales and market penetration over the forthcoming financial years.

As in previous years the company has one employee based in the United Kingdom who assumes responsibility for sales and marketing. The company has no branches.

The company balance sheet remains strong with net current assets increasing to £972,528 (2013: £790,013) and net assets increasing to £809,528 (2013: £613,014).

Principal risks and uncertainties

The principal risk affecting the business remains the difficult economic environment and consumer spending. The company is aware of this and addresses the risk through targeted marketing and delivering high quality goods to the consumer combined with first rate logistics for all dispatches and returns.

Approved by the Board on 5.12.14 and signed on its behalf by:


.....
Mr L Schoenewerth
Director

Peter Hahn Limited

Directors' Report

Year Ended 30 September 2014

The directors present their report and the financial statements for the year ended 30 September 2014.

A number of disclosures previously incorporated in the Directors' Report are now included in the Strategic Report. These include the Business Review and Financial Risk Management Objectives and Policies.

Directors of the company

The directors who held office during the year were as follows:

Ms M Ways (resigned 30 August 2014)

Dr D Gutting

Mr L Schoeneweiss

Mr S E Kober (appointed 15 September 2014)

Principal activity

The principal activity of the company is the mail ordering and distribution of goods in England, especially textiles made by the parent company, Peter Hahn GmbH of Winterbach in Germany.

Financial risk management

Objectives and policies

The company's main operating risk is the debtor default risk. This is managed through debtor risk management implemented by the parent company and through the payment methods applied in the General Terms and Conditions. Within the framework of these risks, improvements are constantly being made along with scheduled monitoring of debt levels.

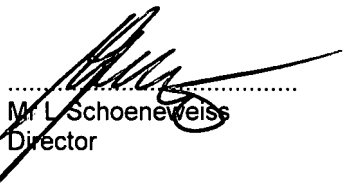
The company has no derivative financial instruments.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirm that:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board on 5.12.14 and signed on its behalf by:


.....
Mr L Schoeneweiss
Director

Peter Hahn Limited

Statement of Directors' Responsibilities

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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Peter Hahn Limited

Independent Auditor's Report

We have audited the financial statements of Peter Hahn Limited for the year ended 30 September 2014, set out on pages 6 to 13. 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 Statement of Directors' Responsibilities (set out on page 3), 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 (APB'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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 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 matters prescribed by the Companies Act 2006

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

Peter Hahn Limited

Independent Auditor's Report

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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.


.....
Charles Evans (Senior Statutory Auditor)
For and on behalf of Francis Clark LLP, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Date: 10/12/14

Peter Hahn Limited
Profit and Loss Account
Year Ended 30 September 2014

	Note	2014 £	2013 £
Turnover	2	8,355,695	8,358,602
Cost of sales		<u>(7,843,396)</u>	<u>(7,869,218)</u>
Gross profit		512,299	489,384
Administrative expenses		<u>(262,268)</u>	<u>(227,655)</u>
Operating profit	3	250,031	261,729
Other interest receivable and similar income	5	<u>56,072</u>	<u>40,040</u>
Profit on ordinary activities before taxation		306,103	301,769
Tax on profit on ordinary activities	6	<u>(109,589)</u>	<u>(64,766)</u>
Profit for the financial year	13	<u><u>196,514</u></u>	<u><u>237,003</u></u>

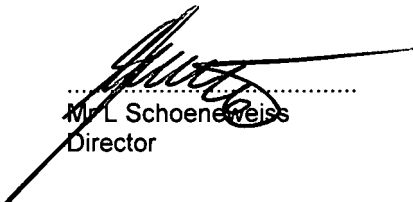
Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Peter Hahn Limited
Balance Sheet
30 September 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible fixed assets	7	-	1
Current assets			
Stocks	8	1,710	2,250
Debtors	9	1,251,281	963,260
Cash at bank and in hand		250,915	314,728
		<u>1,503,906</u>	<u>1,280,238</u>
Creditors: Amounts falling due within one year	10	<u>(531,378)</u>	<u>(490,225)</u>
Net current assets		<u>972,528</u>	<u>790,013</u>
Total assets less current liabilities		<u>972,528</u>	<u>790,014</u>
Provisions for liabilities	11	<u>(163,000)</u>	<u>(177,000)</u>
Net assets		<u><u>809,528</u></u>	<u><u>613,014</u></u>
Capital and reserves			
Called up share capital	12	170,000	170,000
Profit and loss account	13	<u>639,528</u>	<u>443,014</u>
Shareholders' funds	14	<u><u>809,528</u></u>	<u><u>613,014</u></u>

Approved and authorised for issue by the Board on 8.14.14 and signed on its behalf by:



 Mr L Schoeneweiss
 Director

Company Registration Number: 03341321

Peter Hahn Limited
Notes to the Financial Statements
Year Ended 30 September 2014

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

Turnover

Turnover represents mail order sales to external customers at invoiced amounts less value added tax. Payment is received on order and revenue is recognised when the risks and rewards of owning the goods have passed from the company to the buyer, which is generally on dispatch of the goods.

All returns are debited to sales at the original invoiced amount less value added tax. Returns are recognised following the inspection of the returned goods and the issue of a refund to the customer.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Office equipment	25 % straight line

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2 Turnover

An analysis of turnover by geographical location is given below:

	2014	2013
	£	£
United Kingdom	<u>8,355,695</u>	<u>8,358,602</u>

Peter Hahn Limited

Notes to the Financial Statements

Year Ended 30 September 2014

..... continued

3 Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Operating leases - other assets	6,600	14,754
Auditor's remuneration - The audit of the company's annual accounts	9,500	9,500
Depreciation of owned assets	<u>1</u>	<u>-</u>

4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2014 No.	2013 No.
Administration and support	<u>1</u>	<u>1</u>

The aggregate payroll costs were as follows:

	2014 £	2013 £
Wages and salaries	57,053	54,243
Social security costs	<u>9,150</u>	<u>8,121</u>
	<u>66,203</u>	<u>62,364</u>

5 Other interest receivable and similar income

	2014 £	2013 £
Group interest receivable	<u>56,072</u>	<u>40,040</u>

Peter Hahn Limited

Notes to the Financial Statements

Year Ended 30 September 2014

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6 Taxation

Tax on profit on ordinary activities

	2014 £	2013 £
Current tax		
Corporation tax charge	12,334	9,409
Deferred tax		
Origination and reversal of timing differences	97,255	55,357
Total tax on profit on ordinary activities	109,589	64,766

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 22.00% (2013 - 23.50%).

The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before taxation	306,103	301,769
Corporation tax at standard rate	67,343	70,916
Utilisation of trading losses brought forward	(55,009)	(61,507)
Total current tax	12,334	9,409

7 Tangible fixed assets

	Office equipment £	Total £
Cost or valuation		
At 1 October 2013	2,647	2,647
Depreciation		
At 1 October 2013	2,646	2,646
Charge for the year	1	1
At 30 September 2014	2,647	2,647
Net book value		
At 30 September 2014	-	-
At 30 September 2013	1	1

Peter Hahn Limited

Notes to the Financial Statements

Year Ended 30 September 2014

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8 Stocks

	2014 £	2013 £
Stocks	<u>1,710</u>	<u>2,250</u>

9 Debtors

	2014 £	2013 £
Trade debtors	212,634	113,449
Amounts owed by group undertakings	748,452	449,328
Other debtors	550	7,202
Deferred tax	264,985	362,240
Prepayments and accrued income	<u>24,660</u>	<u>31,041</u>
	<u>1,251,281</u>	<u>963,260</u>

In the accounts submitted for the year ended 30 September 2013 was an additional prepayment for £58,000 of costs that had been accrued at the year end. As these costs did not relate to the year ended 30 September 2013 they have been omitted from the comparatives in notes 9 and 10.

Deferred tax

The movement in the deferred tax asset in the year is as follows:

	£
At 1 October 2013	362,240
Deferred tax charged to the profit and loss account	<u>(97,255)</u>
At 30 September 2014	<u>264,985</u>

Analysis of deferred tax

	2014 £	2013 £
Tax losses available	<u>264,985</u>	<u>362,240</u>
	<u>264,985</u>	<u>362,240</u>

The deferred tax asset is recognised as the losses are historic and the company has returned to profitability so is able to utilise past losses.

Peter Hahn Limited

Notes to the Financial Statements

Year Ended 30 September 2014

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10 Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	173,290	23,383
Payments due to customers for returns	34,070	23,832
Corporation tax	12,334	9,409
Other taxes and social security	124,384	136,001
Accruals and deferred income	187,300	297,600
	<u>531,378</u>	<u>490,225</u>

11 Provisions

	Other provision £	Total £
At 1 October 2013	177,000	177,000
Credited to the profit and loss account	<u>(14,000)</u>	<u>(14,000)</u>
At 30 September 2014	<u>163,000</u>	<u>163,000</u>

Other provisions relate to the profit on goods sold during the year that are expected to be returned after the year end.

12 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1 each	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>

Peter Hahn Limited
Notes to the Financial Statements
Year Ended 30 September 2014
..... continued

13 Reserves

	Profit and loss account £	Total £
At 1 October 2013	443,014	443,014
Profit for the year	<u>196,514</u>	<u>196,514</u>
At 30 September 2014	<u><u>639,528</u></u>	<u><u>639,528</u></u>

In the year ended 30 September 2008, the company received a gift of £1,528,600 from Peter Hahn GmbH. In the accounts submitted for the year ended 30 September 2013 this gift was disclosed as a capital contribution reserve but further investigation has shown that the gift is part of distributable reserves and this is reflected in the current year and comparative.

14 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit attributable to the members of the company	<u>196,514</u>	<u>237,003</u>
Net addition to shareholders' funds	196,514	237,003
Shareholders' funds at 1 October	<u>613,014</u>	<u>376,011</u>
Shareholders' funds at 30 September	<u><u>809,528</u></u>	<u><u>613,014</u></u>

15 Related party transactions

During the year the company made the following related party transactions:

Peter Hahn GmbH
(Parent company)

During the year the company purchased goods for resale amounting to £3,914,214 (2013 - £3,998,351), services of £143,338 (2013 - £152,779) and distribution and despatch costs of £236,969 (2013 - £251,556) from Peter Hahn GmbH. The company was charged £4,916 (2013 - £5,044) for bookkeeping services provided by Peter Hahn GmbH. The company was also charged £64,147 (2013 - £39,800) for a variety of sundry costs which are paid for centrally by Peter Hahn GmbH to the company. Additionally Peter Hahn GmbH paid for marketing and catalogue costs of £1,318,063 (2013 - £1,292,485) which is done centrally for the group. During the year the company charged £56,072 (2013 - £39,800) in interest on outstanding balances. At the balance sheet date the amount due from Peter Hahn GmbH was £748,452 (2013 £449,328).

16 Control

The immediate parent company is Peter Hahn Beteiligungs GmbH, a company registered in Germany.

The ultimate controlling party is Arcandor AG, a company also registered in Germany.