

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

Report and Financial Statements

Year Ended

29 December 2018

Company Number 04154536

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

## **Report and financial statements for the year ended 29 December 2018**

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### **Directors**

A S Seymour  
H J Seymour

### **Secretary and registered office**

H J Seymour, The Stable Block, Plough Brewery, 516 Wandsworth Road, London, SW8 3JX

### **Company number**

04154536

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# A.S.H.S. USA Limited

## Directors' report for the year ended 29 December 2018

The directors present their report together with the audited financial statements for the year ended 29 December 2018.

### Results and dividends

The statement of comprehensive income is set out on page 6 and shows the loss for the year.

### Principal activities, trading review and future developments

The principal activity of the company in the year under review was that of the sale of luxury handbags and fashion accessories through its two stores in the United States of America. The year under review was a challenging one with the performance of both stores below that of the prior year amidst a challenging market for the sector. The store in California closed in June 2018. After careful consideration of a number of scenarios the difficult decision was taken to close the store on Madison Avenue, and agreement was reached to exit the lease on 15 January 2019. Going forward, this company will be a non-trading entity.

### Directors

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

A S Seymour

H J Seymour

F Giannaccari (resigned 7 March 2018)

### Going Concern

The company has net current liabilities of £10.2 m at the end of the year. The directors have received confirmation from A.S.H.S. Limited, the parent company, that they will continue to provide on-going financial support. In addition to this financial support, A.S.H.S. Limited will not recall the intercompany balance for at least 12 months from the date of approval of the financial statements. The preparation of the financial statements on a going concern basis is therefore appropriate.

### Post Balance Sheet Event

The company closed the store on Madison Avenue on 15 January 2019.

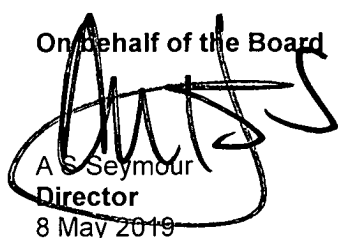
### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will automatically be re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the Board



A S Seymour  
Director  
8 May 2019

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

## **Directors' responsibilities statement for the year ended 29 December 2018**

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The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# A.S.H.S. USA Limited

## Independent auditor's report for the year ended 29 December 2018

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

#### Opinion

We have audited the financial statements of A.S.H.S. USA Limited ("the Company") for the year ended 29 December 2018 which comprise statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 December 2018 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.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

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

## **Independent auditor's report for the year ended 29 December 2018 (*continued*)**

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

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

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

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

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

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

- adequate accounting records have not been kept, 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Responsibilities of Directors**

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

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

# A.S.H.S. USA Limited

## Independent auditor's report for the year ended 29 December 2018 (continued)

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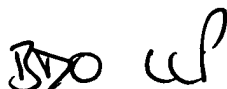
### Auditor's responsibilities for the audit of the financial statements

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


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

### Use of our report

This report is made solely to the 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.



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



May 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# A.S.H.S. USA Limited

## Statement of comprehensive income for the year ended 29 December 2018

	Notes	2018 £000	2017 £000
<b>Turnover</b>	2	895	1,679
Cost of sales		(214)	(457)
<b>Gross profit</b>		681	1,222
Administrative expenses		(1,008)	(5,932)
<b>Loss on ordinary activities before interest</b>	3	(327)	(4,710)
Loss on ordinary activities before interest analysed as:			
<b>EBITDA</b>		(437)	(1,475)
("Earnings before interest, tax, depreciation, amortisation and exceptional items")			
Exceptional items	4	113	(1,940)
Depreciation and impairment		(3)	(1,295)
Interest payable and similar charges		-	-
<b>Loss on ordinary activities before taxation</b>		(327)	(4,710)
Taxation charge on loss from ordinary activities	5	2	(1)
<b>Loss on ordinary activities after taxation</b>		(325)	(4,711)

All amounts relate to continuing activities. See note 15

The notes on pages 9 to 15 form part of these financial statements.



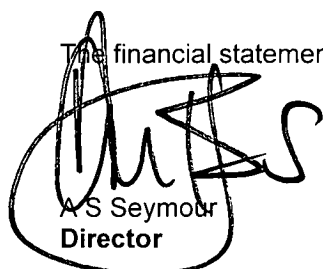
# A.S.H.S. USA Limited

## Statement of financial position at 29 December 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
<b>Fixed assets</b>					
Tangible assets	6		-		4
Fixed asset investment	7		-		-
			-		4
<b>Current assets</b>					
Stocks		230		527	
Debtors	8	102		223	
Cash at bank and in hand		161		113	
		493		863	
<b>Creditors: amounts falling due within one year</b>	9	(10,685)		(10,061)	
<b>Net current liabilities</b>			(10,192)		(9,198)
<b>Provision for liabilities</b>	10		(1,183)		(1,856)
<b>Net liabilities</b>			(11,375)		(11,050)
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Profit and loss account			(11,375)		(11,050)
<b>Shareholders' deficit</b>			(11,375)		(11,050)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 8 May 2019.



A.S. Seymour  
Director

Company number 04154536

The notes on pages 9 to 15 form part of these financial statements.

# A.S.H.S. USA Limited

## Statement of changes in equity for the year ended 29 December 2018

	Share Capital £000	Profit and loss account £000	Total Equity £000
<b>31 December 2016</b>	-	(6,339)	(6,339)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(4,711)	(4,711)
<b>Total comprehensive income for the year</b>	-	(11,050)	(11,050)
<b>30 December 2017</b>	-	(11,050)	(11,050)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(325)	(325)
<b>Total comprehensive income for the year</b>	-	(325)	(325)
<b>29 December 2018</b>	-	(11,375)	(11,375)

The notes on pages 9 to 15 form part of these financial statements.

# A.S.H.S. USA Limited

## Notes forming part of the financial statements for the year ended 29 December 2018

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The directors have taken the option within section 390 of the Companies Act 2006 to prepare their financial statements up to a date 7 days either side of the Company's accounting reference date of 31 December 2018, and these accounts therefore cover the period from 30 December 2017 to 29 December 2018 (2017 – 1 January 2017 to 30 December 2017).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied.

#### **Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.

This information is included in the consolidated financial statements of A.S.H.S Limited as at 29 December 2018 and these financial statements may be obtained from the Registrar of Companies.

#### *Going concern*

The Company made a loss of £325,000 for the year ended 29 December 2018 and had net current liabilities of £10,192,000 as at that date.

The directors have received confirmation from A.S.H.S. Limited, the ultimate parent company that they will continue to provide on-going financial support to the business in the US market. In addition to this financial support, A.S.H.S Limited will not recall the intercompany balance payable for at least 12 months from the date of approval of the financial statements. The preparation of the financial statements on a going concern basis is therefore appropriate.

#### *Turnover*

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

#### *Depreciation*

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. It is calculated at the following rates:

- |                       |   |
|-----------------------|---|
| Short leasehold       | - Depreciation over the period of the lease and written off over period of the lease. |
| Fixtures and fittings | - 25% on cost   |

#### *Stocks*

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

# A.S.H.S. USA Limited

## Notes forming part of the financial statements for the year ended 29 December 2018 (continued)

### 1 Accounting policies (continued)

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Leasing commitments*

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease. Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account on a straight-line basis over the term of the lease.

#### *Basis of consolidation*

The Company is exempt from preparing consolidated accounts for its group under Section 400 of the Companies Act 2006, as the Company's ultimate parent A.S.H.S. Limited is incorporated in the United Kingdom and prepares group financial statements. These financial statements present information about the Company only and not the group which it heads.

#### *Judgements in applying accounting policies and key sources of estimation*

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether any of the Company's leases are considered onerous in that the future economic benefits do not cover the unavoidable lease costs.

### 2 Turnover

Turnover arises solely within the United States of America.

### 3 Operating loss

	2018 £000	2017 £000
This has been arrived at after charging / (crediting):		
Depreciation - owned assets	3	217
Depreciation - impairment	-	1,078
Hire of other assets - operating leases less onerous lease provision	-	1,320
Foreign exchange (gains) / losses	(124)	53

The audit fee and directors' fees have been borne by the ultimate parent company A.S.H.S. Limited.

# A.S.H.S. USA Limited

## Notes forming part of the financial statements for the year ended 29 December 2018 (continued)

### 4 Exceptional items

	2018 £000	2017 £000
Exceptional items included in administrative expenses are detailed below:		
Provision against onerous leases	(113)	1,940
	<u>(113)</u>	<u>1,940</u>

Given the changes taking place in the industry the Company has reviewed its distribution model and made provision for leases which were considered onerous during the prior financial year. By 15 January 2019, both stores were closed.

### 5 Taxation on loss on ordinary activities

	2018 £000	2017 £000
Analysis of charge in the year		
<i>Current tax</i>		
UK corporation tax at 19 % (PY: 19.25%)	-	-
Foreign tax suffered	2	1
	<u>2</u>	<u>1</u>
Tax on loss on ordinary activities	<u>2</u>	<u>1</u>

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to the loss before tax. The differences are explained below:

	2018 £000	2017 £000
Deferred tax asset not recognised	(3,573)	(1,295)

Deferred tax assets of £3,573,040 (2017 - £1,294,670) have not been recognised due to uncertainty of taxable profits in the foreseeable future.

The asset comprises of £1,591,279 (2017 - £396,545) in relation to fixed asset timing differences, £ nil in relation to short term differences (2017 - £2,424) and £1,981,560 (2017 - £895,701) in relation to tax losses.

# A.S.H.S. USA Limited

## Notes forming part of the financial statements for the year ended 29 December 2018 (continued)

### 5 Taxation on loss on ordinary activities (continued)

	2018 £000	2017 £000
<b>Reconciliation of tax charge</b>		
Loss on ordinary activities before tax	(325)	(4,710)
Tax on loss on ordinary activities at standard rate of 19% (2017 - 19.25%)	(63)	(907)
Effect of:		
Fixed asset differences	-	38
Tax losses carried forward	(1,793)	-
Foreign tax suffered	3	1
Adjust closing deferred tax to average rate of 19.25%	376	171
Adjust opening deferred tax to average of 19.25%	(192)	(114)
Expenses not deductible for tax purposes	108	381
Deferred tax not recognised	1,563	431
	<hr/>	<hr/>
Tax charge for the period	2	1
	<hr/>	<hr/>

### 6 Tangible assets

	Short leasehold £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>			
At 31 December 2017	2,677	337	3,014
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 29 December 2018	2,677	336	3,013
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 31 December 2017	2,676	334	3,010
Charge for the year	1	2	3
	<hr/>	<hr/>	<hr/>
At 29 December 2018	2,677	336	3,013
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 29 December 2018	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 December 2017	1	3	4
	<hr/>	<hr/>	<hr/>

# A.S.H.S. USA Limited

Notes forming part of the financial statements  
for the year ended 29 December 2018 (*continued*)

## 7 Fixed asset investments

Group  
Undertakings  
£'000

Cost

At 30 December 2017 and 29 December 2018

-

<i>Subsidiary undertakings</i>	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business	Registered Office Address
A.S.H.S. Nevada LLC	United States of America	100%	Dormant	c/o CSC Services of Nevada, Inc., 502 East John Street, Carson City, Nevada 89706, USA.
A.S.H.S. Madison LLC	United States of America	100%	Leasing holding company	c/o V Corp Agent Services, Inc., 25 Robert Pitt Drive Suite 204, Monsey, New York, 10952, USA.
A.S.H.S. Downtown LLC	United States of America	100%	Leasing holding company	795 Madison Avenue, New York, New York, 10065, USA.

## 8 Debtors

	2018 £000	2017 £000
Trade debtors	-	14
Other debtors	10	6
Prepayments and accrued income	92	203
	<hr/>	<hr/>
	102	223
	<hr/>	<hr/>

All amounts fall due for payment within one year.

# A.S.H.S. USA Limited

## Notes forming part of the financial statements for the year ended 29 December 2018 (continued)

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

	2018 £'000	2017 £'000
Trade creditors	71	78
Other creditors	92	1,091
Taxation and social security	27	44
Corporation tax	-	5
Amounts owing to group undertakings	10,495	8,843
	<u>10,685</u>	<u>10,061</u>

### 10 Provision for liabilities

	Onerous Leases £'000
At 30 December 2017	1,856
Credited to profit and loss	(113)
Utilised in the year	(737)
Foreign exchange impact	177
<b>At 29 December 2018</b>	<u><b>1,183</b></u>

The Company reviewed its lease portfolio and made provision in the prior financial year for onerous leases where the cost of a lease exceeds the economic benefit to be provided from it. The provision has fully unwound following the closure of the final store on 15 January 2019.

### 11 Share capital

	2018 Number	2017 Number	2018 £	2017 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 12 Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2018 Land and buildings £'000	2017 Land and buildings £'000
Not later than one year	43	1,215
Later than one year and not later than five years	-	6,485
Later than five years	-	1,437
	<u></u>	<u></u>



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

## **Notes forming part of the financial statements for the year ended 29 December 2018 *(continued)***

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### **13 Other financial commitments**

The Company has entered into a cross guarantee in favour of HSBC Bank plc with A.S.H.S. Limited and ASHS East Coast Limited. The possibility of an outflow in respect of these guarantees is considered remote and so the effect is not quantified.

### **14 Related party transactions**

The Company has taken advantage of the exemption not to disclose any transactions with entities that are included in the consolidated financial statements on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included within those financial statements.

### **15 Post balance sheet events**

The Company closed the last store on Madison Avenue on 15 January 2019.

### **16 Ultimate parent Company**

At the year end the ultimate controlling party was Mayhoola for Investment LLC. Following the change of ownership on 25 March 2019, the ultimate controlling party is now Javad Marandi by virtue of his shareholding.