

Ann Summers Ltd

Directors' report and financial statements

For the 52 week period ended

24 June 2017

Company registration number: 01034349

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Report and Financial Statements
for the 52 weeks ended 24 June 2017

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Company Information

Directors	J Gold CBE V Gold J Boyle
Company secretary	A Dickinson
Company number	01034349
Registered office	Gold Group House Godstone Road Whyteleafe Surrey CR3 0GG
Auditors	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD
Bankers	Royal Bank of Scotland NWB Central Corp. Banking Corporate Banking Centre 5-10 Great Tower Street London EC3P 3HX

Ann Summers Ltd
Strategic Report
for the 52 week period ended 24 June 2017

CEO's Message

Following another successful year for Ann Summers, I am delighted to report a profit before tax of £2.9m for the 52 weeks ended 24 June 2017, an increase of 180% compared to last year.

I echo other Retail leaders in acknowledging that the economic environment in which we are trading is challenging. With consumers facing the reality of having less money in their pockets it is more important than ever that we are focussed on our customers. At Ann Summers we put the customer at the heart of our decision making, and as a result we continue to buck the Retail trend all our channels delivering growth in both sales and profit in the last financial year.

We have remained steadfast in delivering our strategic goals:

We continued to roll out our store refurbishment programme and opened 3 new stores in new locations along with refitting or re-siting a further 8 stores including a flagship store at Marble Arch. These stores significantly outperform the rest of our estate and we are on track with our portfolio strategy that will see all our core portfolio fitted in our latest concept within three years.

Our Party Plan business has had an exceptional year where we reaped the rewards of the work put in to re-engage our party ambassadors and to drive recruitment. In July 2016 the airing of ITV's 'Brief Encounters' reminded the nation of their favourite night in, and Party Plan has seen double digit growth since then.

On-line our focus continues to be on creating the best shopping experience that we can for our customers. We have seen more customers than ever making repeat purchases with us, and according to Trustpilot 87% of customers rate us as 'great'.

We continued the overhaul of our core IT infrastructure in the year, a programme of work that will not only improve our internal operating model but importantly will help ensure we provide our customers with a great shopping experience. This programme of work will be completed within the next financial year.

Product and Brand development has remained a key business focus. In October 2016 we relaunched our Knickerbox range 'inspired by a love of art, fashion and rebellion' for the younger customer. Our core lingerie and fashion lines continue to be hugely successful both in our own channels as well as driving demand from our wholesale partners (which include House of Fraser, ASOS and Shop Direct). In toys, our expanded range for couples including the hugely successful Fusion, endorsed by dance stars Ola and James Jordan in our AW16 campaign.

We may face challenging times, but I continue to be excited for the future success of our business. I would like to thank the outstanding team of people I work with at head office, in our stores and our party ambassadors. I know we will all continue to inspire our customers to look and feel sexy with innovative, fun and daring experiences.



J Gold CBE
Chief Executive Officer

19th December 2017

Ann Summers Ltd
Strategic Report
for the 52 week period ended 24 June 2017

Business Model

Ann Summers Ltd's principal activity is the retail and wholesale of lingerie, apparel, adult toys and related accessories.

At the end of the year Ann Summers Ltd had a UK High Street presence through it's 125 stores (last year: 130) with a further 5 stores (last year: 4) in EIRE through its sister company, Ann Summers Ireland (Retail) Ltd. The company continues to distribute to it's network of Party Ambassadors, operates a UK based web channel that serves both UK and International customers, and has a growing Wholesale and Licensing channel.

Future Plans

The business will continue with its plans to profitably grow the business through:

- A customer focus in everything we do
- Our store refit programme and web enhancements
- UK and international growth through new and existing wholesale and concession partners
- Product innovation
- Systems transformation
- Developing and retaining our talent

Financial Review

Turnover increased from £102m to £109m during the period ended 24 June 2017.

The profit for the period, after taxation, amounted to £2.5m (2016 – £0.9m).

Key Performance Indicators

The company constantly monitors a number of key performance indicators to ensure optimal business performance and to track the progression of its strategic goals. KPI's include:

Customer measures: footfall into stores, internet traffic, customer satisfaction, sales per visitor

Product measures: gross profit margins, stock holding, stock turnover, brand rankings

People measures: retention, net promoter scores

Financial measures: profitability, cash flow

Ann Summers Ltd
Strategic Report
for the 52 week period ended 24 June 2017

Principal Risks and Uncertainties

Risk Management and Internal Controls

The Board has ultimate responsibility for risk management and internal control. For principal risks, sub-committees exist, namely Welfare (Health & Safety), Business Continuity, Steering (change governance).

The Board sets policies to manage risk and maintain internal control. These policies are implemented by the relevant internal department, and compliance is monitored by the Business Risk department.

PCI

The company takes card holder data protection seriously and actively manages this risk with the support of relevant partners and our acquirers. The company has retained its compliant status in the Retail and Web channels.

Going Concern

The directors consider the company to have sufficient available funds for operations and planned expansions. Any debt finance is approved by the Board before it is taken on.

Foreign Exchange Risk

The company's operations expose it to exchange rate risk. This risk is managed by entering into forward contracts for up to 12 months in advance, as deemed appropriate by prevailing economic conditions at that time.

Approval

This strategic report was approved by order of the Board on 19th December 2017.

Jacqueline Gold

J Gold CBE
Director

Ann Summers Ltd
Report of the Directors

Directors

The directors of the company throughout the period were:

J Gold CBE

V Gold

J Boyle

Dividends

The company has not paid dividends to shareholders during the current or prior period.

Post Balance Sheet Events

There have been no post balance sheet events that affect these financial statements.

Employees

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. As such the company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by the applicant. Where existing employees become disabled, it is the company's policy to provide continuing employment under normal terms and conditions wherever practicable, and to provide training and career development and promotion wherever appropriate.

Involvement of company employees in relevant company matters is under constant consideration. The company's policy is to consult and discuss with employees at meetings and at forums matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins, the company intranet site and by regular briefings. These seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

All of the directors at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware if that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

Approval

This Directors' Report was approved on 19th December 2017 and signed on its behalf.



J Gold CBE
Director

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, 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 judgments 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 Ann Summers Ltd

Opinion

We have audited the financial statements of Ann Summers Ltd (the 'company') for the 52 week period ended 24 June 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 FRS 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 24 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Independent Auditor's Report

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors 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.

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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Strategic Report or the Report of the Directors.

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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

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

Samantha Russell (Senior Statutory Auditor)



for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 22 / 12 / 17

Ann Summers Ltd

Statement of Comprehensive Income
for the 52 week period ended 24 June 2017

		2017	2016
	Note	£	£
Turnover	1,3	109,011,372	101,542,868
Cost of sales		(39,198,120)	(34,079,951)
Gross profit		<u>69,813,252</u>	<u>67,462,917</u>
Selling and distribution expenses		(33,011,768)	(32,989,756)
Administrative expenses		(36,867,710)	(35,778,541)
Other operating income	4	3,039,722	2,131,263
Operating profit	5	<u>2,973,496</u>	<u>825,883</u>
Interest receivable and similar income	7	118,065	234,699
Interest payable and similar charges	8	(181,440)	(19,197)
Profit on ordinary activities before taxation		<u>2,910,121</u>	<u>1,041,385</u>
Tax charge on profit on ordinary activities	9	(442,649)	(155,978)
Profit for the financial period		<u>2,467,472</u>	<u>885,407</u>
Other comprehensive income		-	-
Total comprehensive income		<u>2,467,472</u>	<u>885,407</u>

All amounts relate to continuing operations.

There were no recognised changes in equity for 2017 or 2016 other than those included in the Statement of Comprehensive Income.

The notes on pages 13 to 26 form part of these financial statements.

Ann Summers Ltd

Balance Sheet
at 24 June 2017

		2017	2016
	Note	£	£
Fixed assets			
Intangible assets	10	3,711,928	1,978,719
Tangible assets	11	5,627,897	3,779,489
Investments	12	2,639	2,639
		<u>9,342,464</u>	<u>5,760,847</u>
Current assets			
Stocks	13	15,991,536	13,846,423
Debtors	14	41,345,716	39,840,008
Cash at bank and in hand		13,898,552	18,136,784
		<u>71,235,804</u>	<u>71,823,215</u>
Creditors: amounts falling due within one year	16	(25,699,265)	(25,038,277)
Net current assets		<u>45,536,539</u>	<u>46,784,938</u>
Total assets less current liabilities		<u>54,879,003</u>	<u>52,545,785</u>
Creditors: amounts falling due after more than one year	17	(2,163,125)	(1,601,247)
Provisions for liabilities and charges			
Other provisions	18	(1,518,191)	(2,214,323)
		<u>51,197,687</u>	<u>48,730,215</u>
Capital and reserves			
Called up share capital	19	500,000	500,000
Profit and loss account		50,697,687	48,230,215
Equity shareholders' funds		<u>51,197,687</u>	<u>48,730,215</u>

The financial statements were approved and authorised for issue by the Board of Directors on 19th December 2017.

Jacqueline Gold

J Gold CBE
Director

The notes on pages 13 to 26 form part of these financial statements.

Ann Summers Ltd

Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total £
Balance at 27 June 2015	500,000	47,344,808	47,844,808
Profit for the period	-	885,407	885,407
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	885,407	885,407
At 25 June 2016	500,000	48,230,215	48,730,215

	Called up share capital £	Profit and loss account £	Total £
Balance at 26 June 2016	500,000	48,230,215	48,730,215
Profit for the period	-	2,467,472	2,467,472
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,467,472	2,467,472
At 24 June 2017	500,000	50,697,687	51,197,687

Reserves

Profit and loss account

This reserve represents cumulative profits and losses of the Company.

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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.

1.1 Disclosure exemptions

The company has taken advantage of the following disclosure exemptions available in FRS 102 as a wholly owned subsidiary:

- Cashflow statement and related notes
- Key management personnel compensation
- Related party transactions for wholly owned subsidiaries

The following principal accounting policies have been applied:

1.2 Turnover

Turnover is recognised by the company when goods have been sold and despatched and is stated exclusive of VAT and trade discounts. The buyer's right to return is recognised by reducing turnover by an amount that is based on returns rate trends for the relevant sales channel.

1.3 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to Statement of Comprehensive Income during the period in which they are incurred.

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

1.4 Intangible fixed assets

Intangible fixed assets that are acquired by the company are stated at historical cost less accumulated amortisation and any accumulated impairment losses.

1.5 Depreciation and amortisation

Depreciation on other assets is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method, to their residual value. The estimated useful lives range as follows:

Website development costs	-	4 years
Computer software costs	-	4 years
Short leasehold land and buildings	-	4 years
Motor vehicles	-	4 years
Fixtures, fittings and equipment	-	4 to 9 years

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Depreciation and amortisation are both disclosed within selling and distribution costs in Statement of Comprehensive Income.

1.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.7 Investments

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

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and consists of the purchase price, transport and handling costs. A provision is built over the life-cycle of a stock line and is written off once terminal. Stock is deemed terminal once no further sale of that items is expected.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into the company's functional currency (sterling) at the rate of exchange prevailing at the balance sheet date.

Foreign currency transactions are translated into the company's functional currency (sterling) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.11 Leased assets

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Incentives received to enter into operating lease agreements are released to the Statement of Comprehensive Income over the term of the lease.

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

1.12 Pension costs

Contributions to the company's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the period in which they become payable.

1.13 Holiday pay accrual

In the unusual event that there is any unused holiday pay entitlement accrued at the balance sheet date, a liability is recognised measured and accrued at the undiscounted salary cost of the future holiday entitlement at the balance sheet date.

1.14 Group overhead expenditure

Overhead expenditure incurred by the company on behalf of other group companies is recharged to each of these companies in the period in which it is incurred.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The carrying amounts of certain assets and liabilities have been determined based on management's judgement regarding estimates and assumptions of future events. The reasonableness of estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates are recognised in the period in which the estimate is revised.

The key judgements and estimates are:

2.1 Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives which are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

2.2 Intangible fixed assets

Intangible fixed assets are depreciated over their useful lives which are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, and enhancement programmes are taken into account.

2.3 Onerous leases

Loss making stores are assessed annually in line with the company's property portfolio strategy to determine whether the lease is onerous. Provision is made when it is considered that the unavoidable costs of meeting the lease contracts for these stores will exceed the expected future economic benefits. The balance reflects the net present value of future cash flows over the life of the respective leases.

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

2.4 Dilapidations provision

This provision is made for the present value of the expected obligation to landlords at the end of a lease term. It is calculated using a dilapidations cost per square foot which is based upon historic dilapidation settlements with landlords at the end of a lease term. Where management are aware of other factors that alter this cost per square foot (for example known damages or exemption clauses), the provision will be adjusted for this.

2.5 Refund provision

The customer's right to return goods is recognised through the refund provision which is calculated based upon current return rates multiplied by the value of sales in the relevant trading period. The provision is applied on a trading channel basis. Any change in the carrying value of the provision in the period is charged to the Statement of Comprehensive Income.

2.6 Terminal stock provision

It is expected that a small proportion of stock purchased will never be sold because of stock loss, damage or line fragmentation. The cost of this write off is built up over the life cycle of the stock line and charged to the Statement of Comprehensive Income on that basis. The provision is calculated using the purchase cost multiplied by the expected write off percentage using historic write off factors and future expectations.

Ann Summers Ltd

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

3 Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination was:

	2017	2016
	£	£
United Kingdom	108,624,185	100,827,139
Rest of Europe	205,932	397,328
Rest of the world	181,255	318,401
	<u>109,011,372</u>	<u>101,542,868</u>

4 Other operating income

	2017	2016
	£	£
Sundry income	1,473,697	750,824
Weekly kit rental	-	154
Rents and service charges	20,400	21,786
Postage and courier income	1,545,625	1,358,499
	<u>3,039,722</u>	<u>2,131,263</u>

5 Operating profit

This is arrived at after charging/(crediting):

	2017	2016
	£	£
Amortisation of intangible fixed assets	946,482	1,382,484
Depreciation of tangible fixed assets	1,257,555	1,454,075
Fees payable to the company's auditor for audit services	33,000	33,000
Fees payable to the company's auditor for other services:		
Tax compliance	18,000	18,000
Other	19,500	14,065
Loss on disposal of tangible assets	20,469	4,560
Operating lease rentals	19,098,750	19,077,730
Charge/(write back) in relation to onerous lease provision	(605,947)	98,989
Stock recognised as an expense for losses and write-offs	<u>425,234</u>	<u>277,383</u>

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

6 Employees

Staff costs consist of:

	2017	2016
	£	£
Wages and salaries	21,102,849	19,702,778
Social security costs	1,505,715	1,333,831
Other pension costs	194,477	188,562
	<u>22,803,041</u>	<u>21,225,171</u>

The average monthly number of employees, including directors, during the period was as follows:

	2017	2016
	Number	Number
Distribution and retail staff	1,134	1,136
Administration staff	198	181
	<u>1,332</u>	<u>1,317</u>

A defined contribution pension scheme is operated by the company on behalf of the employees of the company. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £194,477 (2016- £188,562). The amount outstanding at the period end and included within other creditors was £30,926 (2016 - £22,691).

Ann Summers Ltd

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

7 Interest receivable and similar income

	2017	2016
	£	£
Interest receivable from group companies	54,098	103,314
Interest receivable from bank	63,455	84,314
Net foreign exchange gains	-	47,071
Other	512	-
	<u>118,065</u>	<u>234,699</u>

8 Interest payable and similar charges

	2017	2016
	£	£
Bank loans and overdrafts	688	739
Net foreign exchange gains	12,309	-
Other interest payable	168,443	18,458
	<u>181,440</u>	<u>19,197</u>

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

9 Taxation on profit on ordinary activities

	2017 £	2016 £
<i>UK Corporation Tax</i>		
Current tax on profits for the period	240,718	-
Group tax relief	3,439	-
Adjustments in respect of previous periods	-	8,625
	<u>244,157</u>	<u>8,625</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	<u>198,492</u>	<u>147,353</u>
Taxation on profit on ordinary activities	<u>442,649</u>	<u>155,978</u>

The tax assessed for the period is lower than (the standard rate of corporation tax in the UK applied to profit before tax). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>2,910,121</u>	<u>1,041,385</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.75% (2016 – 20.00%)	574,749	208,277
Effects of:		
Expenses not deductible for tax purposes	64,889	52,102
Capital allowances (more)/less than depreciation	(127,572)	65,247
Capitalised revenue	(16,666)	(25,625)
Reverse lease premium adjustment	(33,128)	(29,918)
Lease premium adjustment	(172)	(326)
Relieved losses	-	8,652
Accounting loss on disposals	4,034	937
Group relief claimed but unpaid for	(217,601)	(275,368)
Bad debt provision	-	4,530
Capital income transferred	(4,938)	-
Provisions tax adjustment	553	117
Total tax charge for the period	<u>244,157</u>	<u>8,625</u>

There were no factors that may affect future tax charges.

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

10 Intangible fixed assets

	Website development £	Software £	Total £
Cost			
At 25 June 2016	3,981,531	2,632,430	6,613,961
Additions	55,081	2,613,692	2,668,773
Disposals	(1,342,989)	(1,846,800)	(3,189,789)
At 24 June 2017	2,693,623	3,399,322	6,092,945
Amortisation			
At 25 June 2016	2,588,331	2,046,911	4,635,242
Charge for the period	619,061	327,421	946,482
Eliminated on disposal	(1,342,989)	(1,857,718)	(3,200,707)
At 24 June 2017	1,864,403	516,614	2,381,017
Net book value			
At 24 June 2017	829,219	2,882,709	3,711,928
At 25 June 2016	1,393,200	585,519	1,978,719

11 Tangible fixed assets

	Short leasehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 25 June 2016	269,923	80,208	29,420,906	29,771,037
Additions	-	379,429	2,814,874	3,194,303
Disposals	-	(71,900)	(7,036,999)	(7,108,899)
At 24 June 2017	269,923	387,737	25,198,781	25,856,441
Depreciation				
At 25 June 2016	268,783	2,858	25,719,907	25,991,548
Charge for the period	248	90,549	1,166,758	1,257,555
Eliminated on disposal	-	(2,996)	(7,017,563)	(7,020,559)
At 24 June 2017	269,031	90,411	19,869,102	20,228,544
Net book value				
At 24 June 2017	892	297,326	5,329,679	5,627,897
At 25 June 2016	1,140	77,350	3,700,999	3,779,489

Ann Summers Ltd

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

12 Fixed asset investments

	Investments in subsidiary companies
At 25 June 2016	2,639
Additions	-
At 24 June 2017	<u>2,639</u>

Subsidiary undertakings, associated undertakings and other investments

Name	Country of registration or incorporation	Proportion of voting rights and ordinary share capital held	Nature of Business
<i>Subsidiary undertakings</i>			
Ann Summers (Ireland) Limited	Republic of Ireland	100%	Party plan
Ann Summers S.L.	Spain	100%	Non-trading
Ann Summers Ireland (Retail) Ltd	Republic of Ireland	100%	Retail
Knickerbox (Ireland) Limited	Republic of Ireland	100%	Dormant

There were no acquisitions in the current year. On 24 June 2016 the company acquired Ann Summers Ireland (Retail) Ltd for £100.

13 Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>15,991,536</u>	<u>13,846,423</u>

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

14 Debtors

	2017 £	2016 £
Trade debtors	2,218,888	495,014
Amounts owed by group undertakings	27,507,882	27,458,889
Other debtors	50,214	42,683
Prepayments and accrued income	10,585,767	10,647,808
Corporation tax	149,931	164,088
Deferred tax asset	833,034	1,031,526
	<u>41,345,716</u>	<u>39,840,008</u>

Included within others debtors are any loans to directors. All amounts shown under debtors fall due within one year except the deferred tax asset.

15 Deferred tax asset

	2017 £	2016 £
At 25 June 2016	1,031,526	1,178,879
Released during the period	<u>(198,492)</u>	<u>(147,353)</u>
At 24 June 2017	<u>833,034</u>	<u>1,031,526</u>

The deferred tax asset is made up as follows:

Accelerated capital allowances	816,803	1,014,843
Other timing differences	<u>16,231</u>	<u>16,683</u>
Accelerated capital allowances	<u>833,034</u>	<u>1,031,526</u>

The net reversal of deferred tax assets expected in 2018 is nil. This is expected because depreciation is anticipated to be higher than the available capital allowances. However, other reversals or increases may arise as a result of other timing differences.

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

16 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	12,852,807	13,267,914
Amounts owed to group undertakings	4,493,374	4,949,864
Social security and other taxes	2,543,327	1,536,855
Other creditors	2,469,605	2,463,303
Accruals and deferred income	2,983,135	2,820,341
Loan due in one year	357,017	-
	<u>25,699,265</u>	<u>25,038,277</u>

Loans are secured against assets of the company. The loan is repayable in monthly instalments over the period until December 2019 and has an effective interest rate of 8.6%.

17 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other creditors	1,543,781	1,601,247
Loan due in more one year	619,344	-
	<u>2,163,125</u>	<u>1,601,247</u>

Loans are secured against assets of the company. The loan is repayable in monthly instalments over the period until December 2019 and has an effective interest rate of 8.6%.

18 Provisions for liabilities

	Dilapidations £	Onerous leases £	Total £
At 25 June 2016	1,125,216	1,089,107	2,214,323
Additions	23,100	-	23,100
Amounts used	(90,723)	-	(90,723)
Amounts charged	44,724	(673,233)	(628,509)
At 24 June 2017	<u>1,102,317</u>	<u>415,874</u>	<u>1,518,191</u>

Notes forming part of the financial statements
for the 52 week period ended 24 June 2017

19 Share capital

	2017 £	2016 £
Authorised		
500,010 – ordinary shares of £1 each	<u>500,010</u>	<u>500,010</u>
Allotted, called up and fully paid		
500,000 – ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

20 Commitments under operating leases

At 24 June 2017 the company had minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	14,875,428	16,035,851
Later than 1 year and not later than 5 years	34,392,166	39,173,105
Later than 5 years	11,896,233	13,565,897
	<u>61,163,827</u>	<u>68,774,853</u>

At 24 June 2017 the company had minimum contractual operating cost payments under non-cancellable agreements as follows:

	2017 £	2016 £
Not later than 1 year	681,468	614,400
Later than 1 year and not later than 5 years	-	681,468
	<u>681,468</u>	<u>1,295,868</u>

21 Ultimate parent undertaking and controlling party

At the period end the immediate and ultimate parent undertaking was GGI Holdings Limited, a company registered in England and Wales and for which consolidated financial statements are prepared. At the period end the company's ultimate controlling party continued to be D Gold, by virtue of his beneficial interest in the entire issued share capital of the ultimate parent undertaking.

The financial statements of the ultimate parent undertaking can be obtained from Companies House.

The registered office of the ultimate parent undertaking is Gold Group House, Godstone Road, Whyteleafe, Surrey, CR3 0GG.