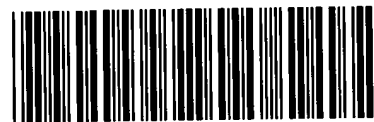


COMPANY REGISTRATION NUMBER: 05551556

LILESTONE HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 2015

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COMPANIES HOUSE

BREBNERS

Chartered Accountants & Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

LILESTONE HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2015

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LILESTONE HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

N J A Bartlett
T S Low

Registered office

100 New Bridge Street
London
EC4V 6JA

Auditor

Brebners
Chartered Accountants & Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

LILESTONE HOLDINGS LIMITED
STRATEGIC REPORT
YEAR ENDED 31st DECEMBER 2015

The directors present their strategic report of Lilestone Holdings Limited ("the group") for the year ended 31st December 2015.

Principal Activities and Business Review

The principal activity of the group during the period was that of designing, wholesaling and retailing luxury ladies lingerie and accessories.

The group has continued to develop the "Myla" brand during the year with the objective of establishing "Myla" as a leader in the international luxury ladies' fashion market.

During 2016 the group has implemented the first phase of a reorganisation process resulting in a significant reduction in cost and cash. The directors intend to implement the second phase of reorganisation during 2017 to prepare the business for future development.

The shareholders have injected significant cash resources into the group and have expressed their intentions to continue to do so in order to secure its long-term future.

Financial Key Performance Indicators

The key performance indicators used by the directors to measure the performance of the group are as follows:

	2015	2014
Turnover (£)	2,474,652	3,721,491
Profit/(Loss) before tax (£)	(7,595,077)	(10,532,882)

Non-Financial Key Performance Indicators

The group seeks to ensure that responsible business practice is fully integrated into the management of all of its operations and into the culture of all parts of its business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn, ensures the delivery of its core objectives of sustained real growth in profitability.

In a group of this size and diversity the directors consider there are collectively numerous non-financial performance indicators but none individually are key.

Principal Risks and Uncertainties

The group's income is dependant on the demand for its products. The garments are manufactured in Europe and Asia and sold in both domestic and overseas markets. A risk is therefore the stability of exchange rates between sterling and overseas currencies. This exposure is managed and monitored regularly.

Future Developments

The directors anticipate the business environment will remain competitive. They remain confident that the group will continue to grow in the future.

Financial Instruments

The group has a normal level of exposure to price, credit, liquidity and cash flow risks arising from its trading activities. The group does not enter into any formal hedging arrangements.

LILESTONE HOLDINGS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2015

This report was approved by the board of directors on 27th February 2017 and signed on behalf of the board by:



T S Low
Director

LILESTONE HOLDINGS LIMITED
DIRECTORS' REPORT
YEAR ENDED 31st DECEMBER 2015

The directors present their report and the financial statements of the group for the year ended 31st December 2015.

DIRECTORS

The directors who served the company during the year were as follows:

T S Low	
T J Low	
M Chakardjian	(Appointed 1st September 2015)
D T Metcalfe	(Resigned 1st September 2015)
J W Hay	(Resigned 17th December 2015)

T J Low resigned 25th November 2016. M Chakardjian resigned 9th May 2016. N Bartlett was appointed 9th May 2016.

DIVIDENDS

The directors do not recommend the payment of a dividend.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Particulars of events after the reporting date are detailed in note 23 to the financial statements.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the group's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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 group and the company and 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 judgments 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.

LILESTONE HOLDINGS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2015

AUDITOR

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

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

This report was approved by the board of directors on 27th February 2017 and signed on behalf of the board by:



T S Low
Director

LILESTONE HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LILESTONE
HOLDINGS LIMITED
YEAR ENDED 31st DECEMBER 2015

We have audited the financial statements of Lilestone Holdings Limited for the year ended 31st December 2015, on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' 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.

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

We were not appointed as auditors of the group until after 31st December 2015 and thus did not observe the counting of physical inventories at the beginning and end of the year. We are unable to satisfy ourselves by alternative means concerning inventory quantities held at 31st December 2015 and 2014 which are stated in the statement of financial position at an amount of £279,496 and £563,382 respectively. As a result, we are unable to determine whether any adjustments to these amounts were necessary.

QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2015 and of the group's 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.

LILESTONE HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LILESTONE
HOLDINGS LIMITED (continued)
YEAR ENDED 31st DECEMBER 2015

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is qualified, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of £7,593,233 during the year to 31st December 2015 and, at that date, the group's liabilities exceeded its total assets by £3,883,258. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not indicate the adjustments that would result if the group was unable to continue as a going concern.

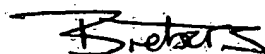
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Martin Widdowson (Senior Statutory Auditor)

For and on behalf of
Brebners
Chartered Accountants & Statutory Auditor

130 Shaftesbury Avenue
London
W1D 5AR

28th February 2017

LILESTONE HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31st DECEMBER 2015

	Note	2015 £	2014 £
Turnover	4	2,474,652	3,721,491
Cost of sales		<u>1,419,362</u>	<u>1,979,688</u>
Gross profit		1,055,290	1,741,803
Distribution costs		752,983	922,033
Administrative expenses		<u>7,897,228</u>	<u>11,352,477</u>
Operating loss	5	(7,594,921)	(10,532,707)
Other interest receivable and similar income	8	-	44
Interest payable and similar charges	9	<u>156</u>	<u>219</u>
Loss on ordinary activities before taxation		(7,595,077)	(10,532,882)
Tax on loss on ordinary activities		-	-
Loss for the financial year		(7,595,077)	(10,532,882)
Foreign currency retranslation		<u>1,844</u>	<u>(10,852)</u>
Total comprehensive income for the year		(7,593,233)	(10,543,734)

All the activities of the group are from continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the current or prior financial years stated above and their historical cost equivalents.

The notes on pages 14 to 26 form part of these financial statements.

LILESTONE HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31st DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	11	49,960	–
Tangible assets	12	43,533	389,453
		<u>93,493</u>	<u>389,453</u>
Current assets			
Stocks	14	279,496	563,382
Debtors	15	3,070,972	3,020,741
Cash at bank and in hand		1,300,199	1,999,407
		<u>4,650,667</u>	<u>5,583,530</u>
Creditors: amounts falling due within one year	16	<u>8,627,418</u>	<u>2,263,008</u>
Net current (liabilities)/assets		(3,976,751)	3,320,522
Total assets less current liabilities		(3,883,258)	3,709,975
Net (liabilities)/assets		(3,883,258)	3,709,975
Capital and reserves			
Called up share capital	20	19,417,274	19,417,274
Share premium account	21	19,435,174	19,435,174
Profit and loss account	21	(42,735,706)	(35,142,473)
Members (deficit)/funds		(3,883,258)	3,709,975

These financial statements were approved by the board of directors and authorised for issue on 27th February 2017, and are signed on behalf of the board by:



T S Low
Director

Company registration number: 05551556

LILESTONE HOLDINGS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
31st DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	13	–	26,072,786
Current assets			
Cash at bank and in hand	153		211
Creditors: amounts falling due within one year	16	<u>6,728,504</u>	–
Net current (liabilities)/assets		<u>(6,728,351)</u>	<u>211</u>
Total assets less current liabilities		<u>(6,728,351)</u>	<u>26,072,997</u>
Capital and reserves			
Called up share capital	20	19,417,274	19,417,274
Share premium account	21	19,435,174	19,435,174
Profit and loss account	21	(45,580,799)	(12,779,451)
Members (deficit)/funds		<u>(6,728,351)</u>	<u>26,072,997</u>

These financial statements were approved by the board of directors and authorised for issue on 27th February 2017, and are signed on behalf of the board by:



T S Low
Director

Company registration number: 05551556

LILESTONE HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31st DECEMBER 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1st January 2014	9,217,274	19,435,174	(24,598,739)	4,053,709
Loss for the year			(10,532,882)	(10,532,882)
Other comprehensive income for the year:				
Foreign currency retranslation	-	-	(10,852)	(10,852)
Total comprehensive income for the year	-	-	(10,543,734)	(10,543,734)
Issue of shares	10,200,000	-	-	10,200,000
Total investments by and distributions to owners	10,200,000	-	-	10,200,000
At 31st December 2014	19,417,274	19,435,174	(35,142,473)	3,709,975
Loss for the year			(7,595,077)	(7,595,077)
Other comprehensive income for the year:				
Foreign currency retranslation	-	-	1,844	1,844
Total comprehensive income for the year	-	-	(7,593,233)	(7,593,233)
At 31st December 2015	<u>19,417,274</u>	<u>19,435,174</u>	<u>(42,735,706)</u>	<u>(3,883,258)</u>

The notes on pages 14 to 26 form part of these financial statements.

LILESTONE HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31st DECEMBER 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1st January 2014	9,217,274	19,435,174	(12,779,399)	15,873,049
Loss for the year	<u> </u>	<u> </u>	(52)	<u>(52)</u>
Total comprehensive income for the year	-	-	(52)	(52)
Issue of shares	10,200,000	-	-	10,200,000
Total investments by and distributions to owners	<u>10,200,000</u>	<u> </u>	<u> </u>	<u>10,200,000</u>
At 31st December 2014	19,417,274	19,435,174	(12,779,451)	26,072,997
Loss for the year	<u> </u>	<u> </u>	(32,801,348)	(32,801,348)
Total comprehensive income for the year	-	-	(32,801,348)	(32,801,348)
At 31st December 2015	<u>19,417,274</u>	<u>19,435,174</u>	<u>(45,580,799)</u>	<u>(6,728,351)</u>

The notes on pages 14 to 26 form part of these financial statements.

LILESTONE HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31st DECEMBER 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss for the financial year	(7,595,077)	(10,532,882)
<i>Adjustments for:</i>		
Depreciation of tangible assets	125,341	173,040
Impairment of tangible assets	73,152	-
Amortisation of intangible assets	847	-
Other interest receivable and similar income	-	(44)
Interest payable and similar charges	156	219
Loss on disposal of tangible assets	193,600	-
Accrued (income)/expenses	(158,429)	1,072,048
<i>Changes in:</i>		
Stocks	283,886	390,510
Trade and other debtors	(17,970)	(52,842)
Trade and other creditors	(235,961)	254,506
Cash generated from operations	<u>(7,330,455)</u>	<u>(8,695,445)</u>
Interest paid	(156)	(219)
Interest received	-	44
Net cash used in operating activities	<u>(7,330,611)</u>	<u>(8,695,620)</u>
Cash flows from investing activities		
Purchase of tangible assets	(46,173)	(393,158)
Purchase of intangible assets	(50,807)	-
Net cash used in investing activities	<u>(96,980)</u>	<u>(393,158)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	10,200,000
Proceeds from loans from group undertakings	6,728,503	-
Payments of finance lease liabilities	(120)	(2,982)
Net cash from financing activities	<u>6,728,383</u>	<u>10,197,018</u>
Net (decrease)/increase in cash and cash equivalents	(699,208)	1,108,240
Cash and cash equivalents at beginning of year	1,999,407	891,167
Cash and cash equivalents at end of year	<u>1,300,199</u>	<u>1,999,407</u>

The notes on pages 14 to 26 form part of these financial statements.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2015

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The registered office is situated at 100 New Bridge Street, London EC4V 6JA.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis and are prepared in sterling, which is the functional currency of the company.

Going concern

The consolidated statement of comprehensive income for the year ended 31st December 2015 shows a loss of £7,593,233 and the consolidated statement of financial position shows net liabilities amounting to £3,883,258 at that date.

At 31st December 2015 an amount of £6,728,503 was due to the parent undertaking. Subsequently the company allotted and issued share capital to the parent undertaking for this amount and consequently the amount is no longer payable.

The group's accounting records show that a further loss was incurred in the year ended 31st December 2016 of approximately £4 million and the group's forecasts show further losses are likely in 2017 due to a difficult trading position and considerable overheads.

The group has no bank facilities and relies upon share capital and loans provided by the parent undertaking. The forecasts show that the group requires a substantial further capital injection. The directors are in ongoing discussions with investors to provide this funding and certain amounts have been advanced so far in 2017 and the directors are confident that the further amounts required to ensure the group can meet its obligations until at least March 2018 will be forthcoming.

The group also has a significant ongoing obligation in respect of a leasehold property. An agreement has been reached to settle this obligation at an amount that is included within the group's working capital requirement although formal contracts have not yet been signed. The directors remain confident that this matter will be satisfactorily resolved.

Accordingly the directors believe that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 26.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

3. ACCOUNTING POLICIES *(continued)*

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted where appropriate to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. Key assumptions and other estimation uncertainty may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgements and estimates that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Tangible fixed assets are depreciated to their estimated residual values over their estimated useful lives. The company exercises judgement to determine these useful lives and residual values.

Intangible fixed assets are amortised to their estimated residual values over their estimated useful lives. The company exercises judgement to determine these useful lives and residual values.

Provision is made for slow-moving and obsolete stock. The company exercises judgement to determine the quantum of the provision.

Revenue recognition

The turnover shown in the profit and loss account represents amounts receivable for goods sold during the period, exclusive of Value Added Tax. Retail turnover is recognised at the point of the sale. Wholesale and website turnover is recognised on the date of despatch.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

3. ACCOUNTING POLICIES *(continued)*

Income tax

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax in the future.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	20% straight line
Patents, trademarks and licences	-	20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

All fixed assets are initially recorded at cost.

Fixed Asset Investments

Fixed Asset Investments are shown at cost less accumulated impairment losses.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

3. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	over two to five years
Equipment	-	over two to five years

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a first in, first out basis.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

3. ACCOUNTING POLICIES *(continued)*

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

Trade and other creditors

Trade and other creditors are initially recognised at the transaction price and are thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

(i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company; (ii) the company and the party are subject to common control; (iii) the party is an associate of the company or a joint venture in which the company is a venturer; (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company; or (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. TURNOVER

Turnover arises from:

	2015	2014
	£	£
Sale of goods	<u>2,474,652</u>	<u>3,721,491</u>

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

4. TURNOVER *(continued)*

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2015	2014
	£	£
United Kingdom	1,565,265	2,350,145
Rest of World	909,387	1,371,346
	<u>2,474,652</u>	<u>3,721,491</u>

5. OPERATING LOSS

Operating loss is stated after charging:

	2015	2014
	£	£
Amortisation of intangible assets	847	–
Depreciation of tangible assets	125,341	173,040
Impairment of tangible assets recognised in:		
Administrative expenses	73,152	–
Loss on disposal of tangible assets	193,600	–
Foreign exchange differences	(448)	–
Fees payable for the audit of the financial statements	25,000	50,969
	<u>25,000</u>	<u>50,969</u>

6. STAFF COSTS

The average number of persons employed by the group during the year, including the directors, amounted to:

	2015	2014
	No.	No.
Administrative and management staff	<u>114</u>	<u>76</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015	2014
	£	£
Wages and salaries	2,704,581	3,829,189
Social security costs	298,878	430,952
Other pension costs	43,787	25,079
	<u>3,047,246</u>	<u>4,285,220</u>

7. DIRECTORS' REMUNERATION

The directors aggregate remuneration in respect of qualifying services was:

	2015	2014
	£	£
Remuneration	<u>60,832</u>	<u>368,881</u>

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

7. DIRECTORS' REMUNERATION *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2015	2014
	£	£
Aggregate remuneration	<u>32,082</u>	<u>361,831</u>

On 31 December 2014 the CEO resigned. The exit package is included in directors' remuneration for the year to 31 December 2014.

8. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Other interest receivable and similar income	<u>-</u>	<u>44</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Other interest payable and similar charges	<u>156</u>	<u>219</u>

10. LOSS FOR THE YEAR OF THE PARENT COMPANY

The loss for the financial year of the parent company was £32,801,348 (2014: £52).

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

11. INTANGIBLE ASSETS

Group	Goodwill £	Patents, trademarks and licences £	Total £
Cost			
At 1st January 2015	735,250	–	735,250
Additions	–	50,807	50,807
At 31st December 2015	<u>735,250</u>	<u>50,807</u>	<u>786,057</u>
Amortisation			
At 1st January 2015	735,250	–	735,250
Charge for the year	–	847	847
At 31st December 2015	<u>735,250</u>	<u>847</u>	<u>736,097</u>
Carrying amount			
At 31st December 2015	<u>–</u>	<u>49,960</u>	<u>49,960</u>
At 31st December 2014	<u>–</u>	<u>–</u>	<u>–</u>

The company has no intangible assets.

12. TANGIBLE ASSETS

Group	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1st January 2015	640,603	70,757	711,360
Additions	–	46,173	46,173
Disposals	(536,780)	(4,533)	(541,313)
At 31st December 2015	<u>103,823</u>	<u>112,397</u>	<u>216,220</u>
Depreciation			
At 1st January 2015	279,177	42,730	321,907
Charge for the year	97,235	28,106	125,341
Disposals	(346,154)	(1,559)	(347,713)
Impairment losses	73,152	–	73,152
At 31st December 2015	<u>103,410</u>	<u>69,277</u>	<u>172,687</u>
Carrying amount			
At 31st December 2015	<u>413</u>	<u>43,120</u>	<u>43,533</u>
At 31st December 2014	<u>361,426</u>	<u>28,027</u>	<u>389,453</u>

The company has no tangible assets.

13. INVESTMENTS

The group has no investments.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

13. INVESTMENTS *(continued)*

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1st January 2015	20,285,308	17,125,296	37,410,604
Additions	–	6,728,503	6,728,503
At 31st December 2015	<u>20,285,308</u>	<u>23,853,799</u>	<u>44,139,107</u>
Impairment			
At 1st January 2015	11,337,818	–	11,337,818
Impairment losses	8,947,490	23,853,799	32,801,289
At 31st December 2015	<u>20,285,308</u>	<u>23,853,799</u>	<u>44,139,107</u>
Carrying amount			
At 31st December 2015	–	–	–
At 31st December 2014	<u>8,947,490</u>	<u>17,125,296</u>	<u>26,072,786</u>

Subsidiary undertakings

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Lilestone Limited	England and Wales	Ordinary shares	100%	Retailer of lingerie and accessories
Myla Investments Limited	Ireland	Ordinary shares	100%	Retailer of lingerie and accessories
Myla Inc	USA	Ordinary shares	100%	Dormant
Myla Overseas Limited	England and Wales	Ordinary shares	100%	Dormant

Provision for impairment

The directors assessed the carrying value of the investments in subsidiary undertakings at 31st December 2015. Following this assessment, a provision amounting to £32,801,289 was made against the carrying value.

14. STOCKS

	Group 2015 £	2014 £	Company 2015 £	2014 £
Finished goods and goods for resale	<u>279,496</u>	<u>563,382</u>	<u>–</u>	<u>–</u>

Stock charged to profit and loss during the year amounted to £1,419,362 (2014: £1,979,688).

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

15. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	168,265	182,264	-	-
Prepayments and accrued income	624,744	435,570	-	-
Other debtors	2,277,963	2,402,907	-	-
	<u>3,070,972</u>	<u>3,020,741</u>	<u>-</u>	<u>-</u>

At 31st December 2015 an amount of £2,000,000 (2014: £2,000,000) was held in escrow on behalf of the group, secured by a fixed charge in favour of a supplier in respect of future liabilities. At 31st December 2015 an amount of £40,478 (2014: £31,240) was due to this supplier.

16. CREDITORS: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	358,063	521,141	-	-
Amounts owed to parent undertaking	6,728,503	-	6,728,504	-
Accruals and deferred income	1,443,136	1,569,304	-	-
Social security and other taxes	52,666	98,245	-	-
Obligations under finance leases and hire purchase contracts	-	120	-	-
Other creditors	45,050	74,198	-	-
	<u>8,627,418</u>	<u>2,263,008</u>	<u>6,728,504</u>	<u>-</u>

17. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Not later than 1 year	<u>-</u>	<u>120</u>	<u>-</u>	<u>120</u>

18. EMPLOYEE BENEFITS**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £43,787 (2014: £25,079).

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

19. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2015	2014
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>2,478,489</u>	<u>2,585,171</u>

Financial liabilities measured at amortised cost

	Group	
	2015	2014
	£	£
Financial liabilities measured at amortised cost	<u>8,432,171</u>	<u>2,164,763</u>

20. CALLED UP SHARE CAPITAL**Issued, called up and fully paid**

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>19,417,274</u>	<u>19,417,274</u>	<u>19,417,274</u>	<u>19,417,274</u>

21. RESERVES

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

The profit and loss account records retained earnings and accumulated losses.

22. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Not later than 1 year	1,650,000	1,031,250	1,650,000	1,031,250
Later than 1 year and not later than 5 years	7,425,000	7,425,000	7,425,000	7,425,000
Later than 5 years	<u>4,537,500</u>	<u>6,187,500</u>	<u>4,537,500</u>	<u>6,187,500</u>
	<u>13,612,500</u>	<u>14,643,750</u>	<u>13,612,500</u>	<u>14,643,750</u>

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 7th March 2016 the company allotted and issued 6,728,503 Ordinary shares of £1 each at par in order to provide additional working capital. On the same date the funds generated were invested in subsidiary company Lilestone Limited.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31st DECEMBER 2015

24. RELATED PARTY TRANSACTIONS

Company

In accordance with FRS 102 paragraph 33.1A exemption is taken not to disclose transactions in the year between wholly owned group undertakings.

Group

During the year one of the directors and his immediate family purchased stock amounting to £1,536 (2014: £97,001).

25. CONTROLLING PARTY

JW Silk (BVI) Limited is the immediate parent undertaking and the directors consider Virtue Trustees (Switzerland) Limited to be the ultimate controlling party.

26. TRANSITION TO FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1st January 2014.

No transitional adjustments were required in equity or profit or loss for the year.