

**Low Profile Fashions Limited**

**(Registered Number: 01364847)**

**Annual report and financial statements  
for the year ended 31 December 2015**

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# **Low Profile Fashions Limited**

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# **Low Profile Fashions Limited**

## **Directors and advisers**

### **Directors**

T. Suleyman  
M. Suleyman  
H. Mevlit

### **Company secretary**

Sam Karunyanesan ACMA, CGMA, Cert. PFS

### **Registered office**

594 – 598 Green Lanes  
London  
N8 ORA

### **Solicitors**

Memery Crystal LLP  
44 Southampton Buildings  
London  
WC2A 1AP

### **Bankers**

Lloyds TSB  
4<sup>th</sup> Floor  
25 Gresham Street  
London  
EC2Y 7HN

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Atrium  
1 Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

## Low Profile Fashions Limited

### Strategic Report for the year ended 31 December 2015

The directors present their reports and audited financial statements of the Company for the year ended 31 December 2015.

#### Principal activities and review of the business

The principal activity of the Company is the design and wholesale of ladies' clothing.

The result for the year is set out on page 9. The gross margin has decreased by 2% and the turnover has decreased by 39%, which has resulted in a loss after tax for the financial year of £844,793 (2014: £605,139 profit).

#### Key performance indicators ("KPIs")

Management monitors progress by reference to two KPIs.

	2015	2014	Definition, method of calculation and analysis
Movement in sales (%)	(39%)	(9%)	Year on year total sales movement expressed as a percentage. The decrease is in line with our expectation and is due to M&S's strategy to reduce the overall buying budget from its UK based suppliers.
Gross margin (%)	18%	20%	Gross margin is the ratio of gross profit before distribution and administrative expenses to sales expressed as a percentage. Gross margin in the current year has decreased during the year and this is in line with our expectations.

#### Principal risk and uncertainties

The management of the Company and the execution of the Company's strategy are subject to a number of risks.

**Market conditions** - The key business risks and uncertainties affecting the Company are considered to relate to competition from the Far East, intense competition from other wholesalers offering alternative product ranges as well as UK market trends and customer attitudes.

#### Future developments

Given the current retail trading environment, management expect there to be continued pressure on margins in 2016. In order to maintain margins, the Company will continue its efforts to streamline its operations to improve efficiency and also look for an alternative supplier base to cut costs. Management is also making every effort to keep the sales to its current level or improve from its current level by targeting new customers and new markets in the coming year, however with difficult trading conditions continuing during 2016, Management is of the opinion that sales will be a lot lower than their current levels for the next year.

## **Low Profile Fashions Limited**

### **Strategic Report for the year ended 31 December 2015 (continued)**

#### **Business environment**

As a UK based supplier to retailers, the directors expect the external commercial environment to remain difficult for 2016 as consumer confidence and spending continues to be depressed. However, management remains confident the company will be successful in positioning itself within this environment and will succeed in its efforts to keep the company profitable in the future.

By order of the board



Sam Karunyanesan  
**Company Secretary**  
22 September 2016

# **Low Profile Fashions Limited**

## **Directors' report for the year ended 31 December 2015**

### **Directors**

The directors of the Company during the year ended 31 December 2015 and up to the signing of these financial statements were:

T. Suleyman  
M. Suleyman  
H. Mevlit

T. Suleyman, M. Suleyman and H. Mevlit are also directors of the parent company and they equally own the shares of that company, which is disclosed in the financial statements of the parent company.

### **Directors' indemnity**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### **Future developments**

Refer to the strategic report for future developments.

### **Dividend and transfers to reserves**

No dividend is being proposed for the year (2014: £nil) and the loss for the financial year of £844,793 (2014: £605,139 profit) will be transferred to reserves.

### **Financial risk management**

The Company's management of financial risks relating to liquidity risk, credit risk and price risk (including foreign exchange risk) are outlined below:

**Liquidity risk** – In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of cash generated from its operations and, where necessary, bank borrowings and finance leases. The Company accepts some interest rate risk and any loans drawn under the banking facility are at floating rates.

**Credit risk** – The objective is to reduce the risk of loss arising from default by parties to financial transactions. The Company has implemented policies that require appropriate credit checks on potential clients before sales are made.

**Price risk** – The Company sources its products from overseas and a substantial proportion in foreign currencies. The exposure to exchange risk continues in 2015 and the Company aims to mitigate this risk with appropriate financial measures, such as forward exchange contracts.

# **Low Profile Fashions Limited**

## **Directors' report for the year ended 31 December 2015 (continued)**

### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and will be proposed for reappointment in accordance with the Companies Act 2006.

### **Post balance sheet events**

There are no significant post balance sheet events.

### **Statement of directors' responsibilities**

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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102), and applicable law (United Kingdom Generally Accepted Accounting Practice).

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;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

## **Low Profile Fashions Limited**

### **Directors' report for the year ended 31 December 2015 (continued)**

#### **Statement of disclosure of information to auditors**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the board



Sam Karunyanesan  
**Company Secretary**  
22 September 2016



# **Low Profile Fashions Limited**

## **Independent auditors' report to the members of Low Profile Fashions Limited**

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Low Profile Fashions Limited's financial statements (the "financial statements"):

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

#### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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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.

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**

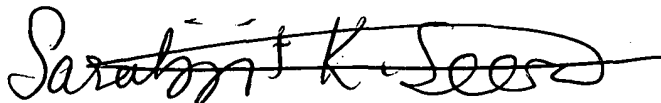
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sarabjit Seera (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

22 September 2016

# Low Profile Fashions Limited

## Statement of Comprehensive Income for the year ended 31 December 2015

	Note	2015 £	2014 £
<b>Turnover</b>	2	<b>12,558,112</b>	20,475,527
Cost of sales		(10,318,719)	(16,283,051)
<b>Gross profit</b>		<b>2,239,393</b>	4,192,476
Distribution expenses		(1,189,904)	(1,412,581)
Administrative expenses		(2,060,925)	(2,058,224)
Other operating (expense)/income	3	(2,783)	57,994
<b>Operating (loss)/profit</b>	4	<b>(1,014,219)</b>	779,665
Interest payable and similar charges	7	(705)	(1,294)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(1,014,924)</b>	778,371
Tax on (loss)/profit on ordinary activities	8	170,131	(173,232)
<b>(Loss)/profit and comprehensive (expense)/income for the financial year</b>		<b>(844,793)</b>	605,139

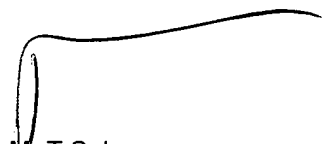
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# Low Profile Fashions Limited

## Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	9	137,531	82,728
		<b>137,531</b>	<b>82,728</b>
<b>Current assets</b>			
Stocks	10	-	173,117
Debtors	11	6,225,351	7,094,630
Cash at bank and in hand		4,246,213	4,201,430
		<b>10,471,564</b>	<b>11,469,177</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(1,196,587)</b>	<b>(1,294,604)</b>
<b>Net current assets</b>		<b>9,274,977</b>	<b>10,174,573</b>
<b>Total assets less current liabilities</b>		<b>9,412,508</b>	<b>10,257,301</b>
<b>Net assets</b>		<b>9,412,508</b>	<b>10,257,301</b>
<b>Capital and reserves</b>			
Called up share capital	14	30,000	30,000
Profit and loss account		9,382,508	10,227,301
<b>Total equity</b>		<b>9,412,508</b>	<b>10,257,301</b>

The financial statements on pages 9 to 23 were approved by the Board of Directors on <sup>22</sup> September 2016 and signed on its behalf by:



Mr T Suleyman  
Director

Registered number: 01364847

## Low Profile Fashions Limited

### Statement of changes in equity for the year ended 31 December 2015

	Called up Share Capital £	Profit and Loss Account £	Total Equity £
Balance as at 1 January 2014	30,000	9,622,162	9,652,162
Total comprehensive income for the year	-	605,139	605,139
At 31 December 2014	30,000	10,227,301	10,257,301
Balance as at 1 January 2015	30,000	10,227,301	10,257,301
Total comprehensive income for the year	-	(844,793)	(844,793)
<b>At 31 December 2015</b>	<b>30,000</b>	<b>9,382,508</b>	<b>9,412,508</b>

# **Low Profile Fashions Limited**

## **Notes to the financial statements for the year ended 31 December 2015**

### **1. Principal accounting policies**

#### **General Information**

Low Profile Fashions Limited ('the company') principal activity is the design and wholesale of ladies' clothing.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 594-598, Green Lanes, London, N8 0RA.

#### **Statement of compliance**

The individual financial statements of Low Profile Fashions Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 18.

#### **Basis of Preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

#### **Exemptions for qualifying entities under FRS 102**

The Company is a wholly-owned subsidiary of Low Profile Holdings Limited and is included in the statements of Low Profile Holdings Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Low Profile Holdings Limited, includes the company's cash flows in its own consolidated financial statements. The Company has also taken exemption from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7. The Company has also taken exemption not to separately disclose financial instruments which are contained in the statements of Low Profile Holdings Limited, which are publicly available.

The Company is also exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the Low Profile Group.

# Low Profile Fashions Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 1. Principal accounting policies (continued)

#### Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns and discounts allowed by the Company and value added taxes.

The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the Company's sales channel has been met (when the title is passed to the customer, upon shipment of the products from the Company's premises).

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Cost includes the purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use. Items classified as leasehold property relate to any improvements or fixtures and fittings relating to a property held under operating lease by the Group which add to the economic benefit of the property. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life. The principal rates used for this purpose are:

Leasehold property	Over the remaining term of lease
Plant and equipment	15% - 33% per annum on cost
Fixtures and fittings	20% per annum on cost

#### Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

# Low Profile Fashions Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 1. Principal accounting policies (continued)

#### Stock

Stock is stated at the lower of cost and estimated selling price less costs to sell. Stock is recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

#### Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. These are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.



# **Low Profile Fashions Limited**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **1. Principal accounting policies (continued)**

#### **Financial instruments (continued)**

##### **i) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Foreign currencies**

The company financial statements are presented in pound sterling and rounded to thousands.

The company's functional and presentation currency is the pound sterling.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

#### **Related party transactions**

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

# **Low Profile Fashions Limited**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **1. Principal accounting policies (continued)**

#### **Taxation (continued)**

##### **i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **ii) Deferred taxation**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Employee Benefits**

##### **i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### **ii) Defined contribution pension plans**

The Group operates a number of defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### **i) Annual bonus**

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

#### **Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# Low Profile Fashions Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 1. Principal accounting policies (continued)

#### Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Estimates are made each financial year by management for the recoverability of debtors. These require management's best estimate of the recoverability of each debtor balance and contractual agreements. Provision is made for debtors when required. Debtor provisioning require management's best estimate and is based on management's judgement.

### 2. Turnover

The analysis by geographical destination of the Company's turnover is set out below:

	2015 £	2014 £
<b>Geographical segment</b>		
United Kingdom	12,558,112	20,475,527

Turnover arises from one class of business being manufacture and sale of garments.

### 3. Other operating (expense)/income

	2015 £	2014 £
Management fees received	21,000	21,000
Foreign exchange (losses)/gains	(26,033)	34,998
Other	2,250	1,996
	(2,783)	57,994

### 4. Operating (loss)/profit

	2015 £	2014 £
<b>Operating (loss)/profit is stated after charging/(crediting):</b>		
Depreciation of tangible fixed assets	77,837	54,888
Inventory recognised as an expense	10,296,454	16,164,229
Foreign exchange losses/(gains)	26,033	(34,998)
<b>Services provided by the Company's auditors:</b>		
Fees payable for the audit of the company financial statements	31,000	31,000
Fees payable for other services – tax compliance	6,000	6,000

# Low Profile Fashions Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 5. Directors' emoluments

The emoluments of T. Suleyman and M. Suleyman are paid by Low Profile Holdings Limited, the immediate parent company. H. Mevliit retired in March 2005 but continues to serve as director of the Company. She is not remunerated for her services.

A management charge is levied by Low Profile Holdings Limited and relates to administrative costs in addition to directors' emoluments. The directors spend time working for other group companies and the value of their services is related to the time that they spend, however management are unable to apportion time spent by the directors providing services to Low Profile Fashions Limited and accordingly no disclosure of directors' emoluments has been made. Details of emoluments paid by Low Profile Holdings Limited are disclosed in the financial statements of the parent company. No benefits are accruing under a defined benefit pension scheme (2014: Nil).

### 6. Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was as follows:

	2015 Number	2014 Number
Office and management	8	8
Sales and technical	24	28
	32	36
	2015 £	2014 £
<b>Staff costs (for the above persons)</b>		
Wages and salaries	1,136,770	1,286,828
Social security costs	124,314	139,109
Other pension costs	3,933	4,330
	1,265,017	1,430,267

### 7. Interest payable and similar charges

	2015 £	2014 £
Other interest payable	705	1,294

# Low Profile Fashions Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 8. Tax on (loss)/profit on ordinary activities

	2015 £	2014 £
<b>Current tax</b>		
UK corporation tax	(173,769)	173,769
Total current tax	(173,769)	173,769
<b>Deferred tax</b>		
Origination & reversal of timing differences	2,248	(578)
Effects of changes in tax rates	1,390	41
Total deferred tax	3,638	(537)
Tax on (loss)/profit on ordinary activities	(170,131)	173,232

The tax assessed for the year is lower (2014: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.50%). The differences are explained below:

	2015 £	2014 £
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(1,014,924)</b>	<b>778,371</b>
(Loss)/Profit on ordinary activities multiplied by the standard rate in the UK of 20.25% (2014: 21.50%)	(205,487)	167,271
Effects of:		
- Expenses not deductible for tax purposes	8,262	5,920
- Group relief	25,704	-
- Tax rate changes	1,390	41
<b>Total tax (credit)/charge</b>	<b>(170,131)</b>	<b>173,232</b>

### Factors affecting current and future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The impact of this change, had it been applied to the deferred tax at the balance sheet date, would have no material impact on the deferred tax balance at the balance sheet date.

# Low Profile Fashions Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 9. Tangible fixed assets

	Leasehold property £	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2015	185,469	85,060	-	270,529
Additions	80,640	7,009	44,991	132,640
Disposals	-	(2,347)	-	(2,347)
<b>At 31 December 2015</b>	<b>266,109</b>	<b>89,722</b>	<b>44,991</b>	<b>400,822</b>
<b>Accumulated depreciation</b>				
At 1 January 2015	121,240	66,561	-	187,801
Charge for the year	64,229	12,750	858	77,837
On disposals	-	(2,347)	-	(2,347)
<b>At 31 December 2015</b>	<b>185,469</b>	<b>76,964</b>	<b>858</b>	<b>263,291</b>
<b>Net book value at 31 December 2015</b>	<b>80,640</b>	<b>12,758</b>	<b>44,133</b>	<b>137,531</b>
Net book value at 31 December 2014	64,229	18,499	-	82,728

### 10. Stocks

	2015 £	2014 £
Finished goods and goods for resale	-	173,117

Inventories are stated after provisions for impairment of £nil (2014: £nil).

### 11. Debtors

	2015 £	2014 £
Trade debtors	1,183,870	2,574,984
Deferred tax (note 13)	12,764	16,402
Amounts owed by related parties	4,576,506	3,963,654
Other debtors	152,209	481,522
Corporation tax	173,769	-
Other taxation and social security	77,603	-
Prepayments and accrued income	48,630	58,068
	<b>6,225,351</b>	<b>7,094,630</b>

The amounts owed by related parties are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £nil (2014: £nil).

# Low Profile Fashions Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 12. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	229,725	159,684
Amounts owed to group undertakings	891,078	846,924
Corporation tax	-	124,420
Other taxation and social security	37,543	55,334
Other creditors	875	876
Accruals	37,366	107,366
	<b>1,196,587</b>	<b>1,294,604</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 13. Deferred taxation

	2015 £	2014 £
At 1 January 2015	16,402	15,865
Deferred tax (charge)/credit in statement of comprehensive income for the year (note 8)	(3,638)	537
<b>At 31 December 2015</b>	<b>12,764</b>	<b>16,402</b>

	2015 £	2014 £
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The deferred tax asset is made up as follows:

Accelerated capital allowances	12,764	16,402
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The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

## Low Profile Fashions Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 14. Called up share capital

	2015 £	2014 £
<b>Authorised</b>		
30,000 (2014: 30,000) Ordinary shares of £1 each	30,000	30,000
<b>Allotted and fully paid</b>		
30,000 (2014: 30,000) Ordinary shares of £1 each	30,000	30,000

#### 15. Defined contribution scheme

The Group Personal Pension Scheme is a defined contribution schemes. The cost of the contributions to this scheme amounts to £3,933 (2014: £4,330). There are no outstanding or prepaid contributions at the balance sheet date.

#### 16. Transactions with related parties

The Company is exempt from disclosing transactions or balances with other companies that are part of the Low Profile Group, on the grounds that it is a wholly owned subsidiary of a group headed by Low Profile Holdings Limited, whose financial statements are publicly available.

All transactions with related parties are unsecured and no interest is charged.

The following transactions were undertaken with Hawes & Curtis Limited in 2015:

Year-end debtor: £3,590,637 (2014: £2,765,690)

The following transactions were undertaken with Ghost Retail Limited in 2015:

Year-end debtor: £112,776 (2014: £287)

The following transactions were undertaken with Low Profile Istanbul in 2015:

Purchases: £10,165,556 (2014: £16,039,484)

Year-end debtor: £873,093 (2014: £1,197,676)

The following transactions were undertaken with Sonex Limited in 2015:

Year end creditor: £2,362 (2014: £2,362)

Refer to note 5 for disclosure of the directors' remuneration.

#### 17. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Low Profile Holdings Limited, a company incorporated in England. Low Profile Holdings Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2015. The consolidated financial statements of Low Profile Holdings Limited are available from 594-598 Green Lanes, London, N8 0RA.

The three directors who do not own any shares in Low Profile Fashions Limited, own equally the share capital of Low Profile Holdings Limited, and are therefore the ultimate controlling party.



## **Low Profile Fashions Limited**

### **Notes to the financial statements for the year ended 31 December 2015 (continued)**

#### **18. Transition to FRS 102**

This is the first year that the company has presented its results under FRS 102. The last financial statements were prepared in accordance to UK GAAP for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. As a result of the transition, changes to accounting policies did not give rise to any differences to the profit for the financial year ended 31 December 2014 and the total shareholders funds' as at 1 January 2014 and 31 December 2014.