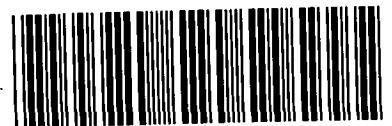


Company Registration No. 02228705 (England and Wales)

**MARK H LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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COMPANIES HOUSE

# MARK H LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mark Harris Nurul Haque Vivien Hobden Adam Charzynski Louise Harris Jon Jacobs	(Appointed 3 April 2018) (Appointed 3 April 2018)
<b>Secretary</b>	Louise Harris	
<b>Company number</b>	02228705	
<b>Registered office</b>	Palladium House 1-4 Argyll Street London W1F 7LD	
<b>Auditor</b>	Blick Rothenberg Audit LLP Palladium House 1-4 Argyll Street London W1F 7LD	
<b>Business address</b>	Unit 3, 155 Dixons Hill Road Welham Green Hatfield Hertfordshire AL9 7JE	

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# MARK H LIMITED

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# MARK H LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2018**

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The directors present the strategic report and financial statements for the year ended 31 March 2018.

### **Principal activities**

The principal activity of the company continued to be that of sourcing and wholesaling fashion.

### **Fair review of the business**

The results for the year and the financial position at the year end were considered satisfactory by the directors and consistent with the prior year.

The gross profit margin has increased to 19.22% (2017: 14.59%) from the previous year. The loss before tax was £71,307 (2017: £199,320 profit). Administrative expenses have decreased to £3,062,342 (2017: £3,112,532).

### **Principal risks and uncertainties**

Competitive pressures in the UK continue to present a significant risk for the company and could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

### **Financial instruments and risk management**

The financial instruments used by the company arise wholly and directly from its activities. The financial instruments comprise debtors, cash at bank, bank overdraft facilities and trade creditors.

The company has put in place the following measures in order to manage the financial risks arising from these financial instruments:

1. Trade debtors balances are monitored on an ongoing basis to minimise the company's exposure to bad debt.
2. Financial support provided by the company's bankers in the form of overdraft facilities and invoice financing is dependent on the company producing timely monthly management accounts for the bankers.
3. The financial risk arising from the possible withdrawal of credit by the company's trade creditors is managed by regularly monitoring the trade creditor balances and ensuring that payments are made within the agreed terms of credit.

### **Development and performance**

There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the forthcoming year.

The company continues to invest in research on the changing trends in the fashion industry. This has resulted in its ability to offer products that its customers want to buy. The directors regard this as a prerequisite for success in the medium to long term. Over the last two years the company has switched its production to focus on producing goods from factories in Bangladesh.

On behalf of the board



Mark Harris

Director

24.4.18

# MARK H LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their annual report and financial statements for the year ended 31 March 2018.

#### Principal activities

The principal activity of the company continued to be that of sourcing and wholesaling fashion.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mark Harris

Nurul Haque

Vivien Hobden

Adam Charzynski

Louise Harris

(Appointed 3 April 2018)

Jon Jacobs

(Appointed 3 April 2018)

#### Results and dividends

The results for the year are set out on page 6.

The directors recommended a payment of a dividend amounting to £43,000 during the year.

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- 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.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

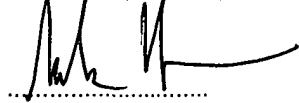
# MARK H LIMITED

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2018*

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On behalf of the board



Mark Harris

Director

Date: 24/12/18

# MARK H LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARK H LIMITED

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### Opinion

We have audited the financial statements of Mark H Limited (the 'company') for the year ended 31 March 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

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

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

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# MARK H LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MARK H LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

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

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

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

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

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

### Use of Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Russell Tenzer FCA (Senior Statutory Auditor)  
for and on behalf of Blick Rothenberg Audit LLP

Statutory Auditor

2/11/19

Palladium House  
1-4 Argyll Street  
London  
W1F 7LD



# MARK H LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	16,812,424	23,871,894
Cost of sales		(13,580,816)	(20,389,535)
<b>Gross profit</b>		<b>3,231,608</b>	<b>3,482,359</b>
Administrative expenses		(3,062,342)	(3,112,889)
Other operating income		37,137	37,689
<b>Operating profit</b>	4	<b>206,403</b>	<b>407,159</b>
Interest receivable and similar income	7	343	357
Interest payable and similar expenses	8	(277,046)	(206,983)
Amounts written off investments	9	(1,007)	(1,213)
<b>(Loss)/profit before taxation</b>		<b>(71,307)</b>	<b>199,320</b>
Tax on (loss)/profit	10	24,748	(52,685)
<b>(Loss)/profit for the financial year</b>		<b>(46,559)</b>	<b>146,635</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# MARK H LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

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	2018 £	2017 £
(Loss)/profit for the year	(46,559)	146,635
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(46,559)</u>	<u>146,635</u>

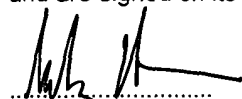
# MARK H LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	12	393,489		461,976	
Investment properties	13	969,000		969,000	
Investments	14	7,007		8,014	
		<u>1,369,496</u>		<u>1,438,990</u>	
<b>Current assets</b>					
Stocks	16	6,794,223		4,463,959	
Debtors	17	6,390,961		7,776,054	
Cash at bank and in hand		532		62,592	
		<u>13,185,716</u>		<u>12,302,605</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(8,767,705)</u>		<u>(7,860,570)</u>	
<b>Net current assets</b>		<u>4,418,011</u>		<u>4,442,035</u>	
<b>Total assets less current liabilities</b>		<u>5,787,507</u>		<u>5,881,025</u>	
<b>Provisions for liabilities</b>	20	<u>(73,562)</u>		<u>(77,521)</u>	
<b>Net assets</b>		<u><u>5,713,945</u></u>		<u><u>5,803,504</u></u>	
<b>Capital and reserves</b>					
Called up share capital	23	98		98	
Profit and loss reserves		<u>5,713,847</u>		<u>5,803,406</u>	
<b>Total equity</b>		<u><u>5,713,945</u></u>		<u><u>5,803,504</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 24/1/18 and are signed on its behalf by:



Mark Harris  
Director

Company Registration No. 02228705

# MARK H LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2016		98	5,756,771	5,756,869
<b>Year ended 31 March 2017:</b>				
Profit and total comprehensive income for the year		-	146,635	146,635
Dividends	11	-	(100,000)	(100,000)
Balance at 31 March 2017		98	5,803,406	5,803,504
<b>Year ended 31 March 2018:</b>				
Loss and total comprehensive income for the year		-	(46,559)	(46,559)
Dividends	11	-	(43,000)	(43,000)
Balance at 31 March 2018		98	5,713,847	5,713,945

# MARK H LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	28	(1,590,288)		(456,144)	
Interest paid		(277,046)		(206,983)	
Income taxes paid		(31,896)		(44,189)	
<b>Net cash outflow from operating activities</b>		<u>(1,899,230)</u>		<u>(707,316)</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(12,805)		(22,558)	
Proceeds from other investments and loans		401,283		(90,552)	
Dividends received		343		357	
<b>Net cash generated from/(used in) investing activities</b>		<u>388,821</u>		<u>(112,753)</u>	
<b>Financing activities</b>					
Dividends paid		(43,000)		(100,000)	
<b>Net cash used in financing activities</b>		<u>(43,000)</u>		<u>(100,000)</u>	
<b>Net decrease in cash and cash equivalents</b>		<u>(1,553,409)</u>		<u>(920,069)</u>	
Cash and cash equivalents at beginning of year		(5,036,056)		(4,115,987)	
<b>Cash and cash equivalents at end of year</b>		<u><u>(6,589,465)</u></u>		<u><u>(5,036,056)</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		532		62,592	
Bank overdrafts included in creditors payable within one year		<u><u>(6,589,997)</u></u>		<u><u>(5,098,648)</u></u>	

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies

##### Company information

Mark H Limited is a private company limited by shares incorporated in England and Wales. The registered office is Palladium House, 1-4 Argyll Street, London, W1F 7LD.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the principal reporting currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of leasehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and that the bank will continue to support the company through its financing arrangement. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Turnover represents amounts receivable for garments net of VAT and trade discounts and is recognised when goods are delivered to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (on dispatch of the goods from the factory), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land and buildings	Straight line over the life of the lease
Office and Computer Equipment	33% straight-line
Fixtures, fittings and equipment	15% on reducing balance
Plant and Machinery	15% on reducing balance
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### 1.5 Investment properties

Investment property, which is property held to earn rental income and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks represents fabric and finished garments and are stated at the lower of cost and estimated selling price less costs to complete and sell, on a first in first out (FIFO) basis. Cost comprises materials costs and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies

(Continued)

##### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter 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 debtors are stated at cost less impairment losses for bad and doubtful debts.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 a 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.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.



# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

---

#### 1 Accounting policies

(Continued)

##### ***Classification of financial liabilities***

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 company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans 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. Financial liabilities classified as payable within one year are not amortised.

##### ***Trade and other creditors***

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial in which case they are measured at cost.

##### ***Other financial liabilities***

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

---

#### 1 Accounting policies

(Continued)

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

The company does not have any finance leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

##### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### *Impairment of trade debtors*

The company reviews trade debtor balances for impairment and this is performed on a regular basis. Those balances which are considered to be recoverable remain in debtors and those which are not, are impaired and the impairment loss is recorded in the profit and loss. In making this judgement, the company evaluates, among other factors, the duration and the financial health of and short-term business outlook for the trade debtors, including factors such as industry and sector performance. The accounting policy of trade debtors is described in note 1.9. At the year end the carrying amount of trade debtors is stated in the trade debtors note.

##### *Stock*

Stock is valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends. The accounting policy of stocks is described in note 1.7. At the year end the carrying amount of stocks is stated in the stock note.

##### *Useful lives of tangibles fixed assets*

The cost of tangible fixed assets is depreciated over their estimated useful economic lives. Management estimates the useful lives of these tangible assets to vary. Changes in the expected level of usage and technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The accounting policy of tangible fixed assets is described in note 1.4. The carrying amount of the company's tangible fixed assets in the balance sheet is disclosed in tangible fixed assets note.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
<b>Turnover analysed by class of business</b>		
Sales of garments	16,812,424	23,871,894
	<u>          </u>	<u>          </u>
	2018	2017
	£	£
<b>Other significant revenue</b>		
Dividends received	343	357
	<u>          </u>	<u>          </u>

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 3 Turnover and other revenue

(Continued)

	2018	2017
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	15,453,424	23,871,894
United States	1,034,000	-
Europe	325,000	-
	<u>16,812,424</u>	<u>23,871,894</u>

### 4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(266,038)	263,008
Fees payable to the company's auditor for the audit of the company's financial statements	24,000	24,000
Depreciation of owned tangible fixed assets	81,292	97,554
Cost of stocks recognised as an expense	13,336,616	19,410,884
Operating lease charges	80,177	82,777
	<u></u>	<u></u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a £266,038 gain (2017 - £263,098 loss)

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018	2017
	Number	Number
Management	4	4
Administration	50	47
	<u>54</u>	<u>51</u>

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

<b>5</b>	<b>Employees</b>	<b>(Continued)</b>	
	Their aggregate remuneration comprised:		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	2,029,355	2,160,763
	Social security costs	215,976	208,758
	Pension costs	15,007	14,917
		<u>2,260,338</u>	<u>2,384,438</u>
<b>6</b>	<b>Directors' remuneration</b>		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	<u>339,705</u>	<u>417,108</u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	<u>100,000</u>	<u>100,000</u>
<b>7</b>	<b>Interest receivable and similar income</b>		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Other income from investments</b>		
	Dividends received	<u>343</u>	<u>357</u>
<b>8</b>	<b>Interest payable and similar expenses</b>		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on bank overdrafts and loans	260,442	169,080
	Interest on invoice finance arrangements	16,604	37,903
		<u>277,046</u>	<u>206,983</u>
<b>9</b>	<b>Amounts written off investments</b>		
	<b>fixed asset investments</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Fair value gains/(losses) on financial instruments</b>		
	Change in value of financial assets held at fair value through profit or loss	<u>(1,007)</u>	<u>(1,213)</u>

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	52,685
Adjustments in respect of prior periods	(20,789)	-
Total current tax	(20,789)	52,685
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,959)	-
Total tax (credit)/charge	(24,748)	52,685

The company has estimated taxable losses of £1,543 to carry forward against future trading profits.

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(71,307)	199,320
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(13,548)	39,864
Tax effect of expenses that are not deductible in determining taxable profit	5,808	5,278
Unutilised tax losses carried forward	388	-
Adjustments in respect of prior years	(20,789)	-
Permanent capital allowances in excess of depreciation	(8,220)	(11,725)
Depreciation on assets not qualifying for tax allowances	15,445	19,511
Dividend income	(65)	(64)
Other adjustments	192	(179)
Deferred tax movement	(3,959)	-
Taxation (credit)/charge for the year	(24,748)	52,685

### 11 Dividends

	2018 £	2017 £
Final paid	43,000	100,000

# **MARK H LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2018**

### **12 Tangible fixed assets**

	Short leasehold land and buildings £	Office and Computer Equipment £	Fixtures, fittings and equipment £	Plant and Machinery £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 April 2017	4,254	161,931	218,032	592,536	220,310	1,197,063
Additions	-	6,553	6,252	-	-	12,805
At 31 March 2018	4,254	168,484	224,284	592,536	220,310	1,209,868
<b>Depreciation and impairment</b>						
At 1 April 2017	4,254	149,553	186,628	248,892	145,760	735,087
Depreciation charged in the year	-	8,182	3,424	53,391	16,295	81,292
At 31 March 2018	4,254	157,735	190,052	302,283	162,055	816,379
<b>Carrying amount</b>						
At 31 March 2018	-	10,749	34,232	290,253	58,255	393,489
At 31 March 2017	-	12,378	31,404	343,644	74,550	461,976

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 13 Investment property

	2018 £
<b>Fair value</b>	
At 1 April 2017 and 31 March 2018	969,000

The investment property has been valued on an open market value basis by reference to market data for recent transactions for similar properties.

### 14 Fixed asset investments

	2018 £	2017 £
Listed investments	7,007	8,014

#### Movements in fixed asset investments

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 April 2017	8,014
Valuation changes	(1,007)
At 31 March 2018	7,007
<b>Carrying amount</b>	
At 31 March 2018	7,007
At 31 March 2017	8,014

### 15 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	6,295,310	7,740,169
Instruments measured at fair value through profit or loss	7,007	8,014
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	7,957,654	7,004,676



# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 16 Stocks

	2018 £	2017 £
Raw materials and consumables	6,359,189	4,074,673
Finished goods and goods for resale	435,034	389,286
	<u>6,794,223</u>	<u>4,463,959</u>

### 17 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	4,202,564	5,623,418
Other debtors	2,092,746	2,116,751
Prepayments and accrued income	95,651	35,885
	<u>6,390,961</u>	<u>7,776,054</u>

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

	Notes	2018 £	2017 £
Bank loans and overdrafts	19	6,589,997	5,098,648
Trade creditors		704,005	1,176,686
Corporation tax		-	52,685
Other taxation and social security		810,051	803,209
Other creditors		552,047	635,783
Accruals and deferred income		111,605	93,559
		<u>8,767,705</u>	<u>7,860,570</u>

### 19 Loans and overdrafts

	2018 £	2017 £
Bank overdrafts	<u>6,589,997</u>	<u>5,098,648</u>
Payable within one year	<u>6,589,997</u>	<u>5,098,648</u>

The bank overdraft is secured by a first legal charge over both of the company's investment properties and other assets. Mark Harris, a director and the controlling shareholder, has given certain personal guarantees totalling £2,000,000 to the company's bankers.

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 20 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	21	73,562	77,521

### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	33,666	25,239
Investment properties	39,896	52,282
	<u>73,562</u>	<u>77,521</u>

### Movements in the year:

	2018 £
Liability at 1 April 2017	77,521
Credit to profit and loss	(3,959)
Liability at 31 March 2018	<u>73,562</u>

### 22 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	15,007	14,917

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 23 Share capital

	2018 £	2017 £
Ordinary share capital Issued and fully paid 98 Ordinary shares of £1 each	98	98
	<u>98</u>	<u>98</u>

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	72,600	72,600
Between two and five years	124,800	197,400
	<u>197,400</u>	<u>270,000</u>

### 25 Related party transactions

Included in other creditors is amount of £556 (2017: £400,727 owed by) owed to the director. No interest has been charged on this balance.

### 26 Directors' transactions

Dividends totalling £43,000 (2017 - £100,000) were paid in the year in respect of shares held by the company's directors.

### 27 Controlling party

The ultimate controlling party is Mark Harris, a director of the company, who holds a controlling interest in the issued share capital of the company.

# MARK H LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 28 Cash generated from operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(46,559)	146,635
<b>Adjustments for:</b>		
Taxation (credited)/charged	(24,748)	52,685
Finance costs	277,046	206,983
Investment income	(343)	(357)
Depreciation and impairment of tangible fixed assets	81,292	97,554
Amounts written off investments	1,007	1,213
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(2,330,264)	1,647,099
Decrease/(increase) in debtors	983,810	(3,543,780)
(Decrease)/increase in creditors	(531,529)	935,824
<b>Cash absorbed by operations</b>	<u>(1,590,288)</u>	<u>(456,144)</u>