

Registered number: 02134765

**MARGARET HOWELL LIMITED AND SUBSIDIARY COMPANY**

**DIRECTORS' REPORT, STRATEGIC REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 FEBRUARY 2019**

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**MARGARET HOWELL LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	R Craig M Howell G Oshiki K Tomeoka K Ikeda
<b>Company secretary</b>	TMF Corporate Administration Services Limited
<b>Registered number</b>	02134765
<b>Registered office</b>	6 Welbeck Way London W1G 9RZ
<b>Trading Address</b>	6 Welbeck Way London W1G 9RZ
<b>Independent auditors</b>	KPMG LLP Chartered Accountants & Statutory Auditor 15 Canada Square London E14 5GL
<b>Bankers</b>	Barclays Bank plc PO Box 15165 London SW1A 1QF
<b>Solicitors</b>	Charles Russell 8-10 New Fetter Lane London EC4A 1RS

## MARGARET HOWELL LIMITED

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## MARGARET HOWELL LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### **Introduction**

The consolidated accounts include results for Margaret Howell Limited including our branches in Ireland and Italy and our subsidiary in France.

#### **Business review**

Despite difficult trading conditions the company has had a very good year. Overall group sales increased by 2.2% from £17,763,315 and overheads were carefully controlled with a 2.8% increase from £10,938,840.

Our retail and wholesale division showed a 13.3% increase in sales to £7,090,067 and both design and royalty saw a 2.5% growth in sales to £6,527,107. Our sales of goods to Japan dropped by 27.4% to £1,509,616 mainly due to Anglobal (our parent) buying directly from one supplier.

As stated in the previous year, further rent reviews took place. As a result we faced a 5.5% increase in rent to £1,168,878 and rates increased by 11% to £352,430.

Our retail shops both in the UK and mainland Europe performed well and exceeded budget and our business in South Korea shows considerable promise.

We also opened a flagship Margaret Howell Limited shop in Kings Cross to great acclaim and this is performing satisfactorily.

Our underlying profits exceeded a million pounds and our cash flow remains excellent with cash increasing by 45.7%. This is after a dividend was paid to shareholders.

The company faces much change and uncertainty but has an excellent team and a very strong balance sheet with net equity 12.1% higher than twelve months ago.

MARGARET HOWELL LIMITED

GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 28 FEBRUARY 2019

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**Principal risks and uncertainties**

The company faces serious risk and problems in foreign exchange, Brexit and increasing material costs, as well as a significant change to the retail landscape through the internet and e-commerce.

As far as currency fluctuations are concerned, the company has forward contracts in place for the next two years, which gives some protection.

Brexit remains a serious concern. The company has taken many steps to mitigate damage, namely setting up effective accounting functions and additional warehousing capacity in our European subsidiaries and branches if needed. European National staff have been reassured on employment and orders will be brought forward should October 31st be a definite date for a hard withdrawal. Brexit will be damaging but this will be softened by the international nature of our business.

The digital landscape continues to change and the company is enjoying considerable growth in this area showing a 70% increase in recent months.

The company will invest considerably in this area in the next financial year and is well ahead of schedule in setting up a new Magento e-commerce site and total investment will exceed £250K in 2019.

The company has always taken the environment most seriously and our products are designed and manufactured to last many years, which is unusual for the fashion industry. None the less we know we can do much more and are investing heavily in sustainability and being even more rigorous with our supply base.

The new financial year has started well thanks to excellent retail promotion with Fred Perry and very good collections but also because budgets have been met thanks to all shops exceeding target.

However, certain matters in particular Brexit give considerable concern and the company is being most cautious on both growth and investment.

**Financial key performance indicators**

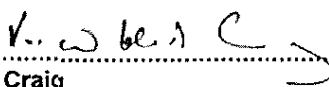
Sales have increased by 2.2% to £18,156,020

Gross profit has increased by 2.8% to £12,518,284

Overheads have increased by 2.8% to £11,247,072

Profit before tax has decreased by 28.8% to £1,124,365

This report was approved by the board on 1 August 2019 and signed on its behalf.

  
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R Craig  
Director

## MARGARET HOWELL LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2019

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The directors present their report and the financial statements for the year ended 28 February 2019.

#### **Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated 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 group and parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss of the for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Principal activity**

The principal activities of the company and its subsidiary in the year were the design, licensing, manufacturing, sourcing, wholesale and marketing of clothing and accessories of the Margaret Howell brand.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £866,912 (2018 - £1,268,050).

Dividends of £150,000 was paid in the year ended 28 February 2019 (2018 - £150,000).

## MARGARET HOWELL LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### Directors

The directors who served during the year were:

R Craig  
M Howell  
G Oshiki  
K Tomeoka  
K Ikeda

#### Future developments

Whilst assessing the company's going concern status the Directors have taken into account Brexit, fluctuating exchange rates and the problems faced by retail on a worldwide basis. Contingency plans exist in terms of a Hard Brexit utilising our European subsidiaries to despatch to non UK markets and we have substantial production from UK suppliers including our own factory in Edmonton. We have secured much of our YEN income by forward contracts for the next two years. The policy of cautious budgeting continues and profit targets have been reached in the first quarter of the financial year. Sales in our UK/European shops have exceeded budget and the internet continues to perform well.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

#### Going concern

The financial statements of the Group and Company are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Group has met its day to day working capital requirements throughout the period through effective management of working capital without the need to incur any further debt. The Directors have prepared cash flow forecasts for the Group for twelve months from the date of approval of these financial statements. These indicate that the Group will have adequate cash resources to meet its obligations as they fall due and that the Group will be able to trade within the new financing facilities for the foreseeable future.

At the date of approval of the financial statements, the directors have every reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Post balance sheet events

There are no post balance sheet events to report.

MARGARET HOWELL LIMITED

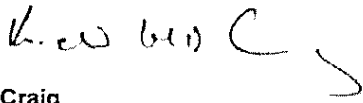
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 28 FEBRUARY 2019

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**Auditor**

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 August 2019 and signed on its behalf.



**R Craig**  
Director

6 Welbeck Way  
London  
W1G 9RZ



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARGARET HOWELL LIMITED

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### Opinion

We have audited the financial statements of Margaret Howell Limited (the 'company') for the year ended 28 February 2019, which comprise the Consolidated Profit and Loss account, Consolidated Statement of Other Comprehensive Income, Consolidated and Company Balance sheet, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 February 2019 and of the group profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Brexit other matter paragraph

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARGARET HOWELL LIMITED  
(CONTINUED)**

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**Conclusions relating to going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARGARET HOWELL LIMITED  
(CONTINUED)**

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**Responsibilities of directors**

As explained more fully in their statement set out on page 3, 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.


**Auditors' 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 fuller description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



Aimie Keki (Senior Statutory Auditor)

for and on behalf of  
**KPMG LLP**

Chartered Accountants  
Statutory Auditor

15 Canada Square  
London  
E14 5GL

1 August 2019

MARGARET HOWELL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Note	2019 £	2018 £
Turnover	4	18,156,020	17,763,315
Cost of sales		(5,637,736)	(5,583,090)
<b>Gross profit</b>		<b>12,518,284</b>	12,180,225
Administrative expenses		(11,247,072)	(10,938,840)
Other operating income	5	34,288	36,620
<b>Operating profit</b>	6	<b>1,305,500</b>	1,278,005
Interest receivable and similar income		3,169	618
Interest payable and similar expenses	10	(6,872)	(4,986)
Other finance income / (expense)	13	(177,432)	305,268
<b>Profit before tax</b>		<b>1,124,365</b>	1,578,905
Tax on profit	11	(257,453)	(310,855)
<b>Profit for the financial year</b>		<b>866,912</b>	1,268,050
<b>Profit for the year attributable to:</b>			
Owners of the parent		866,912	1,268,050
		<b>866,912</b>	1,268,050

The notes on pages 18 to 40 form part of these financial statements.

MARGARET HOWELL LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 28 FEBRUARY 2019

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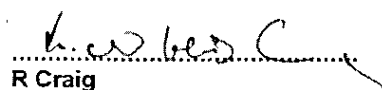
	2019 £	2018 £
Profit for the financial year	<u>866,912</u>	<u>1,268,050</u>
<b>Other comprehensive income</b>		
Currency translation differences	<u>160</u>	<u>34,493</u>
<b>Other comprehensive income for the year</b>	<u>160</u>	<u>34,493</u>
<b>Total comprehensive income for the year</b>	<u><u>867,072</u></u>	<u><u>1,302,543</u></u>
<b>Profit for the year attributable to:</b>		
Owners of the parent company	<u>866,912</u>	<u>1,302,543</u>
	<u><u>866,912</u></u>	<u><u>1,302,543</u></u>

The notes on pages 18 to 40 form part of these financial statements.

**MARGARET HOWELL LIMITED**  
**REGISTERED NUMBER:02134765**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 28 FEBRUARY 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	14	18,050	25,315
Tangible assets	15	<u>1,923,818</u>	<u>2,034,828</u>
		<b>1,941,868</b>	<b>2,060,143</b>
<b>Current assets</b>			
Stocks	18	2,853,531	2,742,365
Debtors: amounts falling due within one year	19	2,056,031	2,029,189
Cash at bank and in hand	20	<u>1,913,739</u>	<u>1,313,103</u>
		<b>6,823,301</b>	<b>6,084,657</b>
Creditors: amounts falling due within one year	21	<u>(2,081,998)</u>	<u>(2,196,468)</u>
<b>Net current assets</b>		<u><b>4,741,303</b></u>	<u><b>3,888,189</b></u>
<b>Total assets less current liabilities</b>		<b>6,683,171</b>	<b>5,948,332</b>
<b>Provisions for liabilities</b>			
Deferred taxation	23	<u>(33,716)</u>	<u>(15,949)</u>
		<b>(33,716)</b>	<b>(15,949)</b>
<b>Net assets</b>		<u><u><b>6,649,455</b></u></u>	<u><u><b>5,932,383</b></u></u>
<b>Capital and reserves</b>			
Called up share capital	24	2,500,000	2,500,000
Share premium account	25	50,000	50,000
Other reserves	25	850	850
Profit and loss account	25	<u>4,098,605</u>	<u>3,381,533</u>
<b>Shareholders' funds</b>		<u><u><b>6,649,455</b></u></u>	<u><u><b>5,932,383</b></u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 August 2019.

  
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**R Craig**  
 Director

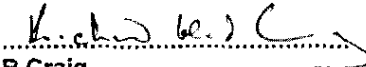
The notes on pages 18 to 40 form part of these financial statements.

MARGARET HOWELL LIMITED  
REGISTERED NUMBER:02134765

COMPANY BALANCE SHEET  
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	14	18,050	25,315
Tangible assets	15	1,724,274	1,739,628
Investments	16	635,512	635,512
		<u>2,377,836</u>	<u>2,400,455</u>
<b>Current assets</b>			
Stocks	18	2,683,245	2,556,162
Debtors: amounts falling due within one year	19	1,748,079	1,771,648
Cash at bank and in hand	20	1,881,266	1,296,976
		<u>6,312,590</u>	<u>5,624,786</u>
Creditors: amounts falling due within one year	21	<u>(1,810,365)</u>	<u>(1,845,911)</u>
<b>Net current assets</b>		<u>4,502,225</u>	<u>3,778,875</u>
<b>Total assets less current liabilities</b>		<u>6,880,061</u>	<u>6,179,330</u>
<b>Provisions for liabilities</b>			
Deferred taxation	23	<u>(33,716)</u>	<u>(15,949)</u>
		<u>(33,716)</u>	<u>(15,949)</u>
<b>Net assets</b>		<u>6,846,345</u>	<u>6,163,381</u>
<b>Capital and reserves</b>			
Called up share capital	24	2,500,000	2,500,000
Share premium account	25	50,000	50,000
Profit and loss account	25	4,296,345	3,613,381
		<u>6,846,345</u>	<u>6,163,381</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 August 2019.

  
R Craig  
Director

The notes on pages 18 to 40 form part of these financial statements.

MARGARET HOWELL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent company £	Total equity £
At 1 March 2018	2,500,000	50,000	850	3,381,533	5,932,383	5,932,383
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	866,912	866,912	866,912
Foreign exchange differences on translation of foreign operations	-	-	-	160	160	160
<b>Other comprehensive income for the year</b>	-	-	-	160	160	160
<b>Total comprehensive income for the year</b>	-	-	-	867,072	867,072	867,072
<b>Transactions with owners, recorded directly in equity</b>						
Dividends	-	-	-	(150,000)	(150,000)	(150,000)
<b>Total transactions with owners</b>	-	-	-	(150,000)	(150,000)	(150,000)
<b>At 28 February 2019</b>	<b>2,500,000</b>	<b>50,000</b>	<b>850</b>	<b>4,098,605</b>	<b>6,649,455</b>	<b>6,649,455</b>

The notes on pages 18 to 40 form part of these financial statements.



MARGARET HOWELL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Share capital	Share premium	Other reserves	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£	£
At 1 March 2017	2,500,000	50,000	850	2,228,990	4,779,840	4,779,840
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	1,268,050	1,268,050	1,268,050
Foreign exchange differences on translation of foreign operations	-	-	-	34,493	34,493	34,493
<b>Other comprehensive income for the year</b>	-	-	-	34,493	34,493	34,493
<b>Total comprehensive income for the year</b>	-	-	-	1,302,543	1,302,543	1,302,543
<b>Transactions with owners, recorded directly in equity</b>						
Dividends: Equity capital	-	-	-	(150,000)	(150,000)	(150,000)
<b>Total transactions with owners</b>	-	-	-	(150,000)	(150,000)	(150,000)
<b>At 28 February 2018</b>	<b>2,500,000</b>	<b>50,000</b>	<b>850</b>	<b>3,381,533</b>	<b>5,932,383</b>	<b>5,932,383</b>

The notes on pages 18 to 40 form part of these financial statements.

MARGARET HOWELL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 March 2018	2,500,000	50,000	3,613,381	6,163,381
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	832,964	832,964
<b>Total comprehensive income for the year</b>	-	-	832,964	832,964
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	-	(150,000)	(150,000)
<b>At 28 February 2019</b>	<b>2,500,000</b>	<b>50,000</b>	<b>4,296,345</b>	<b>6,846,345</b>

The notes on pages 18 to 40 form part of these financial statements.

MARGARET HOWELL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 March 2017	2,500,000	50,000	2,505,737	5,055,737
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,257,644	1,257,644
<b>Total comprehensive income for the year</b>	-	-	1,257,644	1,257,644
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(150,000)	(150,000)
<b>At 28 February 2018</b>	<b>2,500,000</b>	<b>50,000</b>	<b>3,613,381</b>	<b>6,163,381</b>

The notes on pages 18 to 40 form part of these financial statements.

MARGARET HOWELL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	866,912	1,268,050
<b>Adjustments for:</b>		
Amortisation of intangible assets	7,264	6,964
Depreciation of tangible assets	461,856	490,942
Loss on disposal of tangible assets	-	272
Difference on foreign exchange	(145,086)	100,332
Interest paid	6,872	4,986
Interest received	(3,169)	(618)
Taxation charge	257,453	310,855
(Increase) in stocks	(111,166)	(293,707)
(Increase)/decrease in debtors	(255,441)	285,306
Decrease/(increase) in amounts owed by groups	20,873	(76,629)
Increase in creditors	160,466	152,007
Corporation tax (paid)	(320,739)	(242,547)
Gains/(losses) on open foreign exchange contracts	177,432	(305,268)
<b>Net cash generated from operating activities</b>	<b>1,123,527</b>	<b>1,700,945</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(7,202)
Purchase of tangible fixed assets	(350,846)	(396,120)
Sale of tangible fixed assets	-	50
Interest received	3,169	618
<b>Net cash from investing activities</b>	<b>(347,677)</b>	<b>(402,654)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(150,000)	(150,000)
Interest paid	(6,872)	(4,986)
<b>Net cash used in financing activities</b>	<b>(156,872)</b>	<b>(154,986)</b>
<b>Net increase in cash and cash equivalents</b>	<b>618,978</b>	<b>1,143,304</b>
Cash and cash equivalents at beginning of year	997,763	(113,324)
Foreign exchange gains and losses	140,813	(32,217)
<b>Cash and cash equivalents at the end of year</b>	<b>1,757,554</b>	<b>997,763</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,913,739	1,313,103
Bank overdrafts	(156,185)	(315,340)
	<b>1,757,554</b>	<b>997,763</b>

## MARGARET HOWELL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The accounts were closed on 24 February 2019, no significant changes took place from 24 February 2019 to the year end date.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

##### 1.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 July 2014.

## MARGARET HOWELL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1. Accounting policies (continued)

##### 1.3 Going concern

The Group made an operating profit of £1,305,500 (2018: £1,278,005) for the year ended 28 February 2019. The Group had net current assets of £4,741,303 (2018: £3,888,189) and the Company net current assets of £4,502,225 (2018: 3,778,875) at the balance sheet date. The financial statements of the Group and Company are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Group has met its day to day working capital requirements throughout the period through effective management of working capital without the need to incur any further debt.

The Directors have prepared cash flow forecasts for the Group for twelve months from the date of approval of these financial statements. These indicate that the Group will have adequate cash resources to meet its obligations as they fall due and that the Group will be able to trade within the new financing facilities for the foreseeable future.

At the date of approval of the financial statements, the directors have every reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## MARGARET HOWELL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1. Accounting policies (continued)

##### 1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is recognised by the sale of goods on delivery. For the provision of services revenue is recognised when the service is provided.

##### 1.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	3	years
Trademarks	-	8	years
Other intangible fixed assets	-	10	years

**MARGARET HOWELL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019**

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**1. Accounting policies (continued)**

**1.6 Tangible fixed assets**

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as noted below.

Depreciation is provided on the following basis:

Short-term leasehold property	- Straight line basis over the length of the lease.
Plant and machinery	- 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 33.33% reducing balance
Computer equipment	- 33.33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated profit and loss account.

**1.7 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated profit and loss account on a straight line basis over the lease term.

**1.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.



## MARGARET HOWELL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1. Accounting policies (continued)

##### 1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Due to the seasonal nature of the goods that the company sells, there is a limited period in which the full retail value of stock items can be realised. Accordingly the company applies the following accounting policy to ensure its stock is valued at the lower of cost and net realisable value. Once a season ends, the value of any unsold stock relating to that season is depreciated by 40%. One year later, any stock which remains unsold has its value written down by a further 70% so that it is carried at 18% of its original value.

##### 1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 1.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 1.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated profit and loss account.

## MARGARET HOWELL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1. Accounting policies (continued)

##### 1.12 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### 1.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 1.14 Foreign currency translation

###### Functional and presentation currency

The company's functional and presentational currency is GBP.

###### 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.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### 1.15 Finance costs

Finance costs are charged to the Consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 1.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**MARGARET HOWELL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019**

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**1. Accounting policies (continued)**

**1.17 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan 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 in the Consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**1.18 Interest income**

Interest income is recognised in the Consolidated profit and loss account using the effective interest method.

**1.19 Borrowing costs**

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

**1.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

## MARGARET HOWELL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1. Accounting policies (continued)

##### 1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the end of the reporting period and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates, but these are unlikely to be material. Due to the seasonal nature of goods, stock is depreciated as detailed in note 1.9. There are no other judgements considered to be significant.

#### 3. General information

The principal activities of the company and its subsidiary in the year were the design, licensing, manufacturing, sourcing, wholesale and marketing of clothing and accessories of the Margaret Howell brand.

The company is a private company limited by shares which was incorporated in England. The registered office is displayed on the company information page.

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

4. Turnover

The whole of the turnover is attributable to the design, licensing, manufacturing, sourcing, wholesale and marketing of clothing and accessories of the Margaret Howell brand.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	7,318,546	6,624,107
Rest of Europe	1,461,772	1,201,800
Rest of the world	9,375,702	9,937,409
	<u>18,156,020</u>	<u>17,763,316</u>

5. Other operating income

	2019 £	2018 £
Net rents receivable	<u>34,288</u>	<u>36,620</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	461,856	490,942
Amortisation of intangible assets	7,264	6,964
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	30,750	27,316
Exchange differences	(145,086)	100,332
Other operating lease rentals	1,378,989	1,313,170
Defined contribution pension cost	172,629	142,321
	<u>1,906,402</u>	<u>1,921,045</u>

**MARGARET HOWELL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019**

**7. Auditor's remuneration**

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<b>30,750</b>	27,316
	<b>30,750</b>	27,316
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Other non-audit services	<b>10,800</b>	11,950
	<b>41,550</b>	39,266

**8. Directors and Employees**

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	<b>4,355,339</b>	4,132,967	<b>3,928,306</b>	3,705,121
Social security costs	<b>516,558</b>	478,403	<b>362,999</b>	305,168
Cost of defined contribution scheme	<b>172,628</b>	142,321	<b>139,384</b>	111,084
	<b>5,044,525</b>	4,753,691	<b>4,430,689</b>	4,121,373

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

	2019 No.	2018 No.
Shop staff	<b>97</b>	89
Production	<b>29</b>	28
Design	<b>26</b>	25
Administration (including directors)	<b>3</b>	3
	<b>155</b>	145

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	527,748	632,816
Company contributions to defined contribution pension schemes	33,600	33,600
	<u>561,348</u>	<u>666,416</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £337,500 (2018 - £450,696).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,800 (2018 - £7,800).

The total accrued pension provision of the highest paid director at 28 February 2019 amounted to £55,250 (2018 - £47,450).

Remuneration and benefits received by key management personnel, being 2 individuals, was £561,348 (2018 - £666,416), including employer national insurance and pension contribution costs.

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	5,089	4,793
Other interest payable	1,783	193
	<u>6,872</u>	<u>4,986</u>

**MARGARET HOWELL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019**

**11. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	240,047	335,327
Adjustments in respect of previous periods	(787)	12,917
	<b>239,260</b>	<b>348,244</b>
<b>Total current tax</b>	<b>239,260</b>	<b>348,244</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	18,193	(37,389)
<b>Total deferred tax</b>	<b>18,193</b>	<b>(37,389)</b>
<b>Taxation on profit on ordinary activities</b>	<b>257,453</b>	<b>310,855</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	1,124,365	1,578,905
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	213,629	299,992
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15,186	13,640
Capital allowances for year in excess of depreciation	17,064	26,521
Adjustments to tax charge in respect of prior periods	-	12,425
Adjustment on deferred tax for changes to average rate	18,193	(42,308)
Other differences leading to an increase (decrease) in the tax charge	(6,619)	585
<b>Total tax charge for the year</b>	<b>257,453</b>	<b>310,855</b>



MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

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11. Taxation (continued)

**Factors that may affect future tax charges**

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were subsequently enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was subsequently enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 28 February 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

12. Dividends

	2019 £	2018 £
On ordinary shares	<b>150,000</b>	150,000
	<b>150,000</b>	150,000

13. Other finance income / (expense)

	2019 £	2018 £
Gain/(Loss) on open foreign exchange contracts	<b>(177,432)</b>	305,268

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

14. Intangible assets

Group

	Patents and trademarks £	Goodwill £	Total £
<b>Cost</b>			
At 1 March 2018	68,111	61,413	129,524
At 28 February 2019	<u>68,111</u>	<u>61,413</u>	<u>129,524</u>
<b>Amortisation</b>			
At 1 March 2018	42,797	61,413	104,210
Charge for the year	7,264	-	7,264
At 28 February 2019	<u>50,061</u>	<u>61,413</u>	<u>111,474</u>
<b>Net book value</b>			
At 28 February 2019	<u>18,050</u>	<u>-</u>	<u>18,050</u>
At 28 February 2018	<u>25,315</u>	<u>-</u>	<u>25,315</u>

The goodwill arose from the purchase of a retail business in Dublin, Ireland on 1 May 2013.

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

14. Intangible assets (continued)

Company

	Patents and trademarks £	Goodwill £	Total £
<b>Cost</b>			
At 1 March 2018	68,111	61,413	129,524
At 28 February 2019	68,111	61,413	129,524
<b>Amortisation</b>			
At 1 March 2018	42,797	61,413	104,210
Charge for the year	7,264	-	7,264
At 28 February 2019	50,061	61,413	111,474
<b>Net book value</b>			
At 28 February 2019	18,050	-	18,050
At 28 February 2018	25,315	-	25,315

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

15. Tangible fixed assets

Group

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>						
At 1 March 2018	3,384,921	15,601	38,690	1,856,707	795,358	6,091,277
Additions	137,942	-	-	170,785	42,119	350,846
At 28 February 2019	<u>3,522,863</u>	<u>15,601</u>	<u>38,690</u>	<u>2,027,492</u>	<u>837,477</u>	<u>6,442,123</u>
<b>Depreciation</b>						
At 1 March 2018	1,818,174	15,601	15,005	1,460,863	746,806	4,056,449
Charge for the year	254,023	-	5,921	160,314	41,598	461,856
At 28 February 2019	<u>2,072,197</u>	<u>15,601</u>	<u>20,926</u>	<u>1,621,177</u>	<u>788,404</u>	<u>4,518,305</u>
<b>Net book value</b>						
At 28 February 2019	<u>1,450,666</u>	<u>-</u>	<u>17,764</u>	<u>406,315</u>	<u>49,073</u>	<u>1,923,818</u>
At 28 February 2018	<u>1,566,747</u>	<u>-</u>	<u>23,685</u>	<u>395,844</u>	<u>48,552</u>	<u>2,034,828</u>

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

15. Tangible fixed assets (continued)

Company

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>						
At 1 March 2018	2,424,464	15,601	38,690	1,757,135	795,358	5,031,248
Additions	137,942	-	-	155,784	42,119	335,845
At 28 February 2019	<u>2,562,406</u>	<u>15,601</u>	<u>38,690</u>	<u>1,912,919</u>	<u>837,477</u>	<u>5,367,093</u>
<b>Depreciation</b>						
At 1 March 2018	1,106,514	15,601	15,005	1,407,695	746,806	3,291,621
Charge for the year	162,837	-	5,921	140,842	41,598	351,198
At 28 February 2019	<u>1,269,351</u>	<u>15,601</u>	<u>20,926</u>	<u>1,548,537</u>	<u>788,404</u>	<u>3,642,819</u>
<b>Net book value</b>						
At 28 February 2019	<u>1,293,055</u>	<u>-</u>	<u>17,764</u>	<u>364,382</u>	<u>49,073</u>	<u>1,724,274</u>
At 28 February 2018	<u>1,317,950</u>	<u>-</u>	<u>23,685</u>	<u>349,441</u>	<u>48,552</u>	<u>1,739,628</u>

16. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 March 2018	<u>635,512</u>
At 28 February 2019	<u>635,512</u>

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

16. Fixed asset investments (continued)

**Subsidiary undertaking**

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Margaret Howell SARL	6 Place de la Madeleine, 75008 Paris.	Reselling clothing and accessories of the Margaret Howell brand.	Ordinary	99.8%

17. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements. The profit after tax of the parent company for the year was £832,964 (2018 - £1,257,644).

18. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials and consumables	131,402	157,514	131,402	157,514
Finished goods and goods for resale	2,722,129	2,584,851	2,551,843	2,398,648
	<u>2,853,531</u>	<u>2,742,365</u>	<u>2,683,245</u>	<u>2,556,162</u>

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

19. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	382,754	172,933	382,754	172,933
Amounts owed by group undertakings	85,373	123,813	150,931	259,758
Other debtors	322,106	555,345	196,267	418,575
Prepayments and accrued income	1,265,798	1,177,098	1,018,127	920,382
	<u>2,056,031</u>	<u>2,029,189</u>	<u>1,748,079</u>	<u>1,771,648</u>

20. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	1,913,739	1,313,103	1,881,266	1,296,976
Less: bank overdrafts	(156,185)	(315,340)	-	(94,144)
	<u>1,757,554</u>	<u>997,763</u>	<u>1,881,266</u>	<u>1,202,832</u>

21. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	156,185	315,340	-	94,144
Trade creditors	576,469	488,139	541,521	454,587
Corporation tax	129,955	211,008	129,955	211,008
Other taxation and social security	183,769	198,832	103,268	103,022
Other creditors	16,163	7,704	16,164	7,704
Accruals and deferred income	1,019,457	975,443	1,019,457	975,443
	<u>2,081,998</u>	<u>2,196,466</u>	<u>1,810,365</u>	<u>1,845,908</u>

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

22. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	127,836	305,268	127,836	305,268
Financial assets that are debt instruments measured at amortised cost	2,576,136	1,859,926	2,483,382	1,842,974
	<u>2,703,972</u>	<u>2,165,194</u>	<u>2,611,218</u>	<u>2,148,242</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(1,752,111)	(1,778,922)	(1,560,978)	(1,524,176)

Financial assets measured at amortised cost comprise of cash at bank and in hand, trade debtors, amounts owed by group undertakings and other debtors which excludes £127,836 in relation to open forex exchange contracts which is disclosed under Financial assets measured at fair value through profit or loss (Note 19).

Financial Liabilities measured at amortised cost comprise of bank loans and overdrafts, trade creditors and accruals (Note 21).



MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

23. Deferred taxation

Group

	2019 £
At beginning of year	(15,949)
Charged to profit or loss	(17,767)
<b>At end of year</b>	<b>(33,716)</b>

Company

	2019 £
At beginning of year	(15,949)
Charged to profit or loss	(17,767)
<b>At end of year</b>	<b>(33,716)</b>

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	<u>(33,716)</u>	<u>(15,949)</u>	<u>(33,716)</u>	<u>(15,949)</u>

24. Share capital

	2019 £	2018 £
3,000,000 (2018 - 3,000,000) ordinary shares of £1.00 each	<u>3,000,000</u>	<u>3,000,000</u>
<b>Allotted, called up and fully paid</b>		
2,500,000 (2018 - 2,500,000) ordinary shares of £1.00 each	<u>2,500,000</u>	<u>2,500,000</u>

MARGARET HOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

25. Reserves

**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium account.

**Other reserves**

Reserve set aside for legal requirements.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

26. Pension commitments

The group makes payments to defined contribution scheme, with the assets of the scheme being held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the Group to the fund and amounted to £172,628 (2018 - £142,321). Contributions totaling £110,500 (2018 - £94,900) were payable to the fund at the balance sheet date and are included in creditors.

27. Commitments under operating leases

At 28 February 2019 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Not later than 1 year	<b>1,136,005</b>	1,055,541	<b>1,017,361</b>	913,366
Later than 1 year and not later than 5 years	<b>3,174,547</b>	3,043,106	<b>3,174,547</b>	3,043,106
Later than 5 years	<b>3,089,711</b>	3,341,445	<b>3,089,711</b>	3,341,445
	<b>7,400,263</b>	7,440,092	<b>7,281,619</b>	7,297,917

Lease payments recognised as an expense for the group total £1,354,147 (2018 - £1,313,170). Lease payments recognised as an expense for the company total £1,144,211 (2018 - £1,107,504).

For the group and company the lease commitment of two of the outlets varies with the level of turnover. For the purpose of preparing the above analysis it has been assumed that the turnover for the forthcoming year will be the same as the current year, where a complete year's rent has been charged. Where a complete year's rent has not been charged the annual lease payment has been reflected as the commitment.

## MARGARET HOWELL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 28. Related party transactions

##### Group

During the year ended 28 February 2019, sales totaling £8,554,381 (2018 - £8,489,621) were receivable from Anglobal Limited, the immediate parent company of Margaret Howell Limited. At the balance sheet date, £85,373 (2018 - £123,813) was due from Anglobal Limited and is included within amounts owed by group undertakings in debtors.

During the year ended 28 February 2019, consultancy fees totaling £337,500 (2018 - £450,696) were charged by Richard Craig Limited, a company in which R Craig, a director of Margaret Howell Limited, has a controlling interest. At the balance sheet date £40,000 (2018 - £151,278) was owed to Richard Craig Limited and is included in creditors.

##### Company

During the year ended 28 February 2019, sales totaling £8,485,607 (2018 - £8,423,654) were receivable from Anglobal Limited, the immediate parent company of Margaret Howell Limited. At the balance sheet date, £85,373 (2018 - £123,813) was due from Anglobal Limited and is included within amounts owed by group undertakings in debtors.

During the year ended 28 February 2019, sales totaling £408,301 (2018 - £379,102) were receivable by Margaret Howell Limited from Margaret Howell (France) SARL. At the balance sheet date £65,558 (2018 - £135,944) was due from Margaret Howell (France) SARL Limited to Margaret Howell Limited and is included within amounts owed by group undertakings in debtors. Service fees totaling £552,609 (2018 - £583,333) were payable by Margaret Howell Limited to Margaret Howell (France) SARL for the year.

During the year ended 28 February 2019, consultancy fees totaling £337,500 (2018 - £450,696) were chargeable by Richard Craig Limited, a company in which R Craig, a director of Margaret Howell Limited, has a controlling interest. At the balance sheet date £40,000 (2018 - £151,278) was owed to Richard Craig Limited and is included in creditors.

#### 29. Post balance sheet events

A rent review is currently in place in relation to one lease held by the company.

#### 30. Ultimate parent undertaking

Anglobal Limited, a company incorporated in Japan, is the immediate parent undertaking of the company. Sanei International Co. Limited, a company incorporated in Japan, is the ultimate parent company and the controlling party as it is the parent company of Anglobal Limited.

The parent company of the smallest group in which the company is a member and for which financial statements are prepared is Anglobal Limited, a company incorporated in Japan. Copies of the financial statements of Anglobal Limited are available from Aoyama Tokyo Building, 2-1-1 Shibuya, Shubuya-ku, Tokyo 150-0002, Japan.

The largest group in which the results of the company are consolidated is that headed by TSI Holdings Co. Limited, incorporated in Japan.