



HUISHAN ZHANG LIMITED
(a company limited by shares)

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 30 SEPTEMBER 2018



GSM&Co

Griffin Stone Moscrop & Co
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS



HUIZHAN ZHANG LIMITED
REGISTERED NUMBER:07744934

BALANCE SHEET
AS AT 30 SEPTEMBER 2018

| | Note | 2018 £ | 2017 £ |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 5 | 26,340 | 25,661 |
| Investments | 6 | 2 | 2 |
| | | <u>26,342</u> | <u>25,663</u> |
| Current assets | | | |
| Stocks | 7 | 1,843 | - |
| Debtors: amounts falling due after more than one year | 8 | 486,087 | - |
| Debtors: amounts falling due within one year | 8 | 98,512 | 455,044 |
| Cash at bank and in hand | 9 | 326,888 | 371,617 |
| | | <u>913,330</u> | <u>826,661</u> |
| Creditors: amounts falling due within one year | 10 | (525,299) | (510,962) |
| Net current assets | | <u>388,031</u> | <u>315,699</u> |
| Total assets less current liabilities | | <u>414,373</u> | <u>341,362</u> |
| Creditors: amounts falling due after more than one year | 11 | (599,979) | (572,499) |
| Net liabilities | | <u>(185,606)</u> | <u>(231,137)</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 200,000 | 200,000 |
| Profit and loss account | 14 | (385,606) | (431,137) |
| | | <u>(185,606)</u> | <u>(231,137)</u> |

HUIZHAN ZHANG LIMITED
REGISTERED NUMBER:07744934

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2018

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.


The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
H Zhang
Director

Date: 12 April 2019

The notes on pages 3 to 11 form part of these financial statements.

HUIZHAN ZHANG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. General information

The company, private and limited by shares, was incorporated under the Companies Act 2006 in England and Wales on 18 August 2011.

The registered office and company number can be found on the company information page.

2. Accounting policies

2.1 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Whilst the company does have net liabilities as at 30 September 2018 of £185,606 (2017 - £231,137) it is worth noting that in 2015 the director was able to negotiate with its largest creditor a repayment plan and as such converted a short term liability in 2015 to a long term liability as at 30 September 2016 and no instalments are due on this loan until 30 September 2020. The company has net current assets as at the year end of £388,031 (2017 - £315,669) and as such now has time to recoup losses and generate sufficient cashflow to start meeting the long term liability. It is also noted that included within debtors due after one year is an amount owing from the company's wholly owned subsidiary Huishan Zhang Retail Limited of £486,087 (2017 - £324,203), however the director has no concerns over repayment of this debt in the future and as such considers it recoverable without the need for any provisions against such sums.

In addition, the director confirms that he will not seek repayment of his director's loan due from the company of £6,466 (2017 - £89,931) until such a time as the company has sufficient funds to cover such a repayment.

2.3 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

HUISHAN ZHANG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company 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.

Sponsorship and other income

Turnover from sponsorship income is recognised in the period in which the sponsor has received the benefits in accordance of the signed contract.

Turnover from other income including administration fees and licence fees are recognised in the period to which such income relates on an accruals basis.

2.5 Grant income

Grants of a revenue nature are recognised in the Statement of comprehensive income when the grant monies are received.

2.6 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.

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

| | |
|-----------------------|-------------------------|
| Plant and machinery | - 5 years straight line |
| Fixtures and fittings | - 5 years straight line |
| Computer equipment | - 3 years 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 Statement of comprehensive income.

HUISHAN ZHANG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 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.

2.10 Financial instruments

The Company 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 Statement of comprehensive income.

2.11 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.

HUISHAN ZHANG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.12 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.

2.13 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income 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 Company in independently administered funds.

2.15 Taxation

Tax is recognised in the Statement of comprehensive income, 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 operates and generates income.

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

In preparing these financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amount of the assets and liabilities that are not obtainable from other sources. Judgements, estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, but are unlikely to be material.

HUISHAN ZHANG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

4. Employees

The average monthly number of employees, including directors, during the year was 6 (2017 - 4).

5. Tangible fixed assets

| | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-------------------------------------|-----------------------------|-------------------------------|----------------------------|----------------------|
| Cost or valuation | | | | |
| At 1 October 2017 | 66,181 | 1,062 | 13,119 | 80,362 |
| Additions | 2,639 | 9,665 | 1,492 | 13,796 |
| At 30 September 2018 | <u>68,820</u> | <u>10,727</u> | <u>14,611</u> | <u>94,158</u> |
| Depreciation | | | | |
| At 1 October 2017 | 43,873 | 860 | 9,968 | 54,701 |
| Charge for the year on owned assets | 7,964 | 2,000 | 3,153 | 13,117 |
| At 30 September 2018 | <u>51,837</u> | <u>2,860</u> | <u>13,121</u> | <u>67,818</u> |
| Net book value | | | | |
| At 30 September 2018 | <u><u>16,983</u></u> | <u><u>7,867</u></u> | <u><u>1,490</u></u> | <u><u>26,340</u></u> |
| At 30 September 2017 | <u><u>22,308</u></u> | <u><u>202</u></u> | <u><u>3,151</u></u> | <u><u>25,661</u></u> |

6. Fixed asset investments

| | Investments in subsidiary companies £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 October 2017 | 2 |
| At 30 September 2018 | <u><u>2</u></u> |

Huishan Zhang Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

6. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

| Name | Principal activity | Class of shares | Holding |
|------------------------------|-----------------------------|------------------------|----------------|
| Huishan Zhang Retail Limited | Retail of luxury womenswear | Ordinary | 100% |

The aggregate of the share capital and reserves as at 30 September 2018 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

| Name | Aggregate of share capital and reserves | Profit/(Loss) |
|------------------------------|--|----------------------|
| Huishan Zhang Retail Limited | (188,140) | (131,049) |

HUISHAN ZHANG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

7. Stocks

| | 2018 £ | 2017 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 1,843 | - |

8. Debtors

| | 2018 £ | 2017 £ |
|-------------------------------------|----------------|-----------|
| Due after more than one year | | |
| Amounts owed by group undertakings | 486,087 | - |
| | 486,087 | - |

| | 2018 £ | 2017 £ |
|------------------------------------|---------------|----------------|
| Due within one year | | |
| Trade debtors | 74,691 | 93,389 |
| Amounts owed by group undertakings | - | 324,203 |
| Other debtors | 7,499 | 18,361 |
| Prepayments and accrued income | 16,322 | 19,091 |
| | 98,512 | 455,044 |

9. Cash and cash equivalents

| | 2018 £ | 2017 £ |
|--------------------------|-----------|-----------|
| Cash at bank and in hand | 326,888 | 371,617 |

10. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 357,024 | 286,562 |
| Other taxation and social security | 8,020 | 607 |
| Other creditors | 61,819 | 134,646 |
| Accruals and deferred income | 98,436 | 89,147 |
| | 525,299 | 510,962 |

HUISHAN ZHANG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

11. Creditors: Amounts falling due after more than one year

| | 2018 £ | 2017 £ |
|-------------|----------------|----------------|
| Other loans | <u>599,979</u> | <u>572,499</u> |

12. Loans

Analysis of the maturity of loans is given below:

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Amounts falling due 2-5 years | | |
| Other loans | 599,979 | 426,221 |
| Amounts falling due after more than 5 years | | |
| Other loans | - | 146,278 |
| | <u>599,979</u> | <u>572,499</u> |

13. Share capital

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Allotted, called up and fully paid | | |
| 200,000 Ordinary shares of £1.00 each | <u>200,000</u> | <u>200,000</u> |

14. Reserves

Profit and loss account

The P & L reserve records the cumulative profits and losses of the company as at the balance sheet date.

15. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £2,272 (2017 - £201).

HUISHAN ZHANG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

16. Related party transactions

As at the year end 30 September 2018 the sole director H Zhang was owed £6,466 (2017 - £89,931) by the company.

During the year the company was charged £28,171 for rent by its subsidiary Huishan Zhang Retail Limited. In 2017 £24,696 was charged by Mr H Zhang for rent of studio space.

The debtor balance due after more than one year of £486,087 (2017 - £324,203) represents the amount owed from the company's subsidiary Huishan Zhang Retail Limited. It is unsecured and repayable subject to providing a notice period of one year and one day by Huishan Zhang Limited. Interest of 5% is charged on the outstanding balance at the year.

During the year the company charged £5,599 (2017 - £29,955) to Hushian Zhang Retail Limited for purchase of retail stock and raised administration fees of £38,724 (2017- £nil) to its subsidiary.

17. Controlling party

The ultimate controlling party is Mr H. Zhang.