

Registered number
06879552

H MART EUROPE LIMITED
Audited Financial Statements
31 December 2015



H MART EUROPE LIMITED
Report and accounts
For the year ended 31 December 2015

Contents

	Page
Company information	1
Director's report	2
Auditor's report	6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the accounts	10

H MART EUROPE LIMITED
Report and accounts
For the year ended 31 December 2015

Company Information

Director

Heechang Trading Co. Ltd.
Kyung Tae Kweon

External Auditors

KWSR Chartered Accountants & Registered Auditors
136 Merton High Street
London
SW19 1BA

Accountants and Internal Auditors

MSUK Accounting & Business
1st Floor
Unit 4 Leigh Close
New Malden
Surrey
KT3 3NW

Bankers

Barclays Bank Corporate Banking
Onslow Hall
Little Green
Richmond
Surrey
TW9 1QS

Solicitors

V J Nathan Solicitors
220A Kingston Road
New Malden
Surrey
KT3 3RJ

Registered office

Unit 1
Leigh Close
New Malden
Surrey
KT3 3NW

Registered number

06879552

H MART EUROPE LIMITED
For the year ended 31 December 2015
Director's Report

The director presents his report and accounts for the year ended 31 December 2015.

Principal activities

The company's principal activity during the year continued to be that of retailer and wholesaler of asian groceries.

Review of the business

In order to promote the success of the company, the directors have performed to continue in increasing its retail and wholesale business across the UK and Europe whilst achieving the cost effectiveness to maximise the profits and make the business sustainable.

The directors have performed their duty, continued their review of the company's business and identified any risks and uncertainties facing the company. The business performances and status were transparent by monthly management reports provided to stakeholders and its significant growth in the retail and wholesale businesses is remarkable.

Future developments

H Mart Europe Limited has commenced the first UK operations since 2011 and the company has focused on generating new demands by expanding its operations across in the UK.

Liquidity Risk

The company has commenced with an appropriate long-term finance to match the need of the business and has managed liquidity risk by ensuring sufficient liquidity is available to meet its operations and foreseeable needs. There is no long-term loan financed for the year ended 31 December 2015 due to the sufficient capital investment.

Credit Risk

The company monitors credit risks closely and considers that its current policies of credit check meet its objectives of managing exposure to credit risk.

Foreign Currency Risk

The company is exposed to foreign exchange risks primarily with respect to trading activities with overseas such as South Korea and the States. This has been mitigated by the use of foreign currency transactions during its trading operations and having foreign currency bank accounts.

Key Performance Indicators

The company uses a number of financial and non-financial key performance indicators (KPIs) to measure the company's performance. The directors consider the KPIs of the company with respect to the level of revenue generated, profitability and cash flow.

Directors

The following persons served as directors during the year:

Heechang Trading Co. Ltd.
Kyung Tae Kweon

Director's responsibilities

The director is responsible for preparing the report and accounts in accordance with applicable law and regulations.

H MART EUROPE LIMITED
For the year ended 31 December 2015
Director's Report

Company law requires the director to prepare accounts for each financial year. Under that law the director has elected to prepare the accounts 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 accounts 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 accounts, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

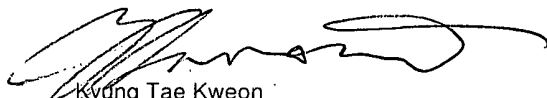
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the accounts comply with the Companies Act 2006.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

Disclosure of information to auditors

The director confirms that:

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

This report was approved by the board on 29 September 2016.



Kyung Tae Kweon
Director

H MART EUROPE LIMITED
For the year ended 31 December 2015
Statement of Director's Responsibilities

The director is responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the director to prepare accounts for each financial year. Under that law the director has elected to prepare the accounts 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 accounts 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 accounts, the director is required to:

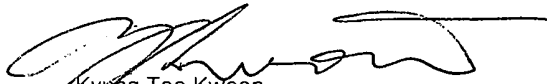
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the accounts comply with the Companies Act 2006. He is 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.

H MART EUROPE LIMITED
For the year ended 31 December 2015
Strategic Report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review.

This report was approved by the board on 29 September 2016.



Kyang Tae Kweon
Director

H MART EUROPE LIMITED
For the year ended 31 December 2015
AUDITORS' REPORT

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF H MART EUROPE LIMITED

We have audited the financial statements of H Mart Europe Limited for the year ended 31/12/2015 which comprise a Profit and Loss Account, Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement of the Directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS


In our opinion the financial statements, except for the possible effects of the matter prescribed in the Basis for Qualified Opinion paragraph, give a true and fair view of the state of the company's affairs as at 31/12/2015 and of the company's profit or 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BASIS FOR QUALIFIED OPINION

We were unable to attend the stock take as at 31 December 2015 as we were appointed on 26 July 2016. However, to gain assurance over the stock value we attended and reviewed the stock taking procedures at 31 August 2016. We found that the stock taking procedures were carried out with good controls and that the stock figure as at 31 August 2016 could be relied upon. If these procedures were followed as at 31 December 2015 then the stock figure of £1,640,376 can be relied upon.

Signature: 

Mrs Susan Rahman (Senior Statutory Auditor)
For and on behalf of KWSR & Co, Chartered Accountants & Registered Auditors
136 Merton High Street
London SW19 1BA

29 September 2016

H MART EUROPE LIMITED
Profit and Loss Account
For the year ended 31 December 2015

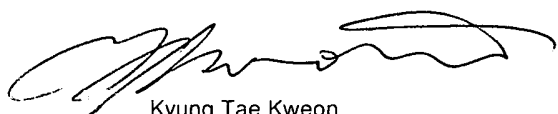
	Notes	2015 £	2014 £
Turnover	2	13,286,919	9,361,667
Cost of sales		(9,696,506)	(6,635,551)
Gross profit		<u>3,590,413</u>	<u>2,726,116</u>
Administrative expenses		(2,606,160)	(2,455,047)
Other operating income		(18,482)	58,756
Operating profit	3	<u>965,771</u>	<u>329,825</u>
Interest receivable		-	2
Interest payable	6	13,230	(29,336)
Profit on ordinary activities before taxation		<u>979,001</u>	<u>300,491</u>
Tax on profit on ordinary activities		-	-
Profit for the financial year		<u>979,001</u>	<u>300,491</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

H MART EUROPE LIMITED
Balance Sheet
As at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	8	1,077,310	1,226,862
Current assets			
Stocks	9	1,640,376	1,173,755
Debtors	10	1,416,239	1,026,450
Cash at bank and in hand		1,153,431	182,035
		<u>4,210,046</u>	<u>2,382,240</u>
Creditors: amounts falling due within one year	11	(2,724,012)	(2,024,759)
Net current assets		<u>1,486,034</u>	<u>357,481</u>
Net assets		<u>2,563,344</u>	<u>1,584,343</u>
Capital and reserves			
Called up share capital	12	2,982,833	2,982,833
Profit and loss account	13	(419,489)	(1,398,490)
Shareholder's funds	14	<u>2,563,344</u>	<u>1,584,343</u>



Kyung Tae Kweon
Director

Approved by the board on 28 September 2016

H MART EUROPE LIMITED
Cash Flow Statement
For the year ended 31 December 2015

	Notes	2015 £	2014 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		965,771	329,823
Depreciation and amortisation		233,160	238,771
(Increase)/decrease in stocks		(466,621)	499,481
Increase in debtors		(389,789)	(324,019)
Increase/(decrease) in creditors		699,253	(472,267)
Net cash inflow from operating activities		<u>1,041,774</u>	<u>271,789</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		1,041,774	271,789
Returns on investments and servicing of finance	15	13,230	(29,334)
Capital expenditure	15	<u>(83,608)</u>	<u>(97,056)</u>
		971,396	145,399
Increase in cash		<u>971,396</u>	<u>91,853</u>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		971,396	91,853
Change in net debt	16	<u>971,396</u>	<u>3,118,232</u>
Net funds/(net debt) at 1 January		182,035	(2,936,197)
Net funds at 31 December		<u>1,153,431</u>	<u>182,035</u>

H MART EUROPE LIMITED
Notes to the Accounts
For the year ended 31 December 2015

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold Property & Improvements	10% straight line
Plant and machinery	20% reducing balance
Furniture, Fixtures & Fittings	15% reducing balance
Computer Equipment	15% reducing balance
Motor vehicles	20% reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

H MART EUROPE LIMITED
Notes to the Accounts
For the year ended 31 December 2015

2 Analysis of turnover	2015	2014
	£	£
By activity:		
Retail operations	7,958,209	6,329,336
Wholesale operations	5,309,013	3,022,816
Other sales	19,697	9,515
	<u>13,286,919</u>	<u>9,361,667</u>
By geographical market:		
UK	12,734,558	9,058,039
Europe	552,361	303,628
	<u>13,286,919</u>	<u>9,361,667</u>
3 Operating profit	2015	2014
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	<u>233,160</u>	<u>217,335</u>
4 Director's emoluments	2015	2014
	£	£
Emoluments	<u>15,298</u>	<u>18,374</u>
Number of directors in company pension schemes:	2015	2014
	Number	Number
Money purchase schemes	<u>1</u>	<u>-</u>
5 Staff costs	2015	2014
	£	£
Wages and salaries	989,851	971,278
Social security costs	60,527	44,753
Other pension costs	990	-
	<u>1,051,368</u>	<u>1,016,031</u>
Average number of employees during the year	Number	Number
Administration	18	17
Distribution	21	13
Marketing	5	4
Sales	38	39
	<u>82</u>	<u>73</u>

H MART EUROPE LIMITED
Notes to the Accounts
For the year ended 31 December 2015

6 Interest payable	2015	2014
	£	£
Other loans	(13,230)	29,336

8 Tangible fixed assets

	Leasehold Property & Improvements £	Plant and machinery £	Office Equipment £	Furniture, Fixtures & Fittings £
Cost				
At 1 January 2015	1,338,113	791,231	49,506	222,704
Additions	-	567	3,203	7,643
At 31 December 2015	<u>1,338,113</u>	<u>791,798</u>	<u>52,709</u>	<u>230,347</u>
Depreciation				
At 1 January 2015	616,124	506,594	24,584	93,627
Charge for the year	133,811	57,083	3,940	19,556
At 31 December 2015	<u>749,935</u>	<u>563,677</u>	<u>28,524</u>	<u>113,183</u>
Net book value				
At 31 December 2015	<u>588,178</u>	<u>228,121</u>	<u>24,185</u>	<u>117,164</u>
At 31 December 2014	<u>721,989</u>	<u>284,637</u>	<u>24,922</u>	<u>129,077</u>
			Motor vehicles £	Total £
Cost				
At 1 January 2015			105,297	2,506,851
Additions			72,195	83,608
Surplus on revaluation			-	-
Disposals			-	-
At 31 December 2015			<u>177,492</u>	<u>2,590,459</u>
Depreciation				
At 1 January 2015			39,060	1,279,989
Charge for the year			18,770	233,160
Surplus on revaluation			-	-
On disposals			-	-
At 31 December 2015			<u>57,830</u>	<u>1,513,149</u>
Net book value				
At 31 December 2015			<u>119,662</u>	<u>1,077,310</u>
At 31 December 2014			<u>66,237</u>	<u>1,226,862</u>

H MART EUROPE LIMITED
Notes to the Accounts
For the year ended 31 December 2015

9 Stocks			2015	2014
			£	£
Finished goods and goods for resale			<u>1,640,376</u>	<u>1,173,755</u>
The difference between purchase price or production cost of stocks and their replacement cost is not material.				
10 Debtors			2015	2014
			£	£
Trade debtors			1,020,434	629,157
Other debtors			42,702	397,293
Prepayments and accrued income			<u>353,103</u>	<u>-</u>
			<u>1,416,239</u>	<u>1,026,450</u>
11 Creditors: amounts falling due within one year			2015	2014
			£	£
Trade creditors			2,471,939	1,837,532
Other taxes and social security costs			19,269	24,813
Other creditors			209,264	162,414
Accruals and deferred income			<u>23,540</u>	<u>-</u>
			<u>2,724,012</u>	<u>2,024,759</u>
12 Share capital	Nominal value	2015 Number	2015	2014
			£	£
Allotted, called up and fully paid:				
Ordinary shares	£1 each	2,982,833	<u>2,982,833</u>	<u>2,982,833</u>
13 Profit and loss account			2015	
			£	
At 1 January 2015			(1,398,490)	
Profit for the financial year			979,001	
			<u>(419,489)</u>	
At 31 December 2015				
14 Reconciliation of movement in shareholder's funds			2015	2014
			£	£
At 1 January			1,584,343	(1,688,981)
Profit for the financial year			979,001	300,491
Shares issued			-	2,972,833
			<u>2,563,344</u>	<u>1,584,343</u>
At 31 December				

H MART EUROPE LIMITED
Notes to the Accounts
For the year ended 31 December 2015

15 Gross cash flows	2015 £	2014 £
Capital expenditure		
Payments to acquire tangible fixed assets	(83,608)	(114,856)
Receipts from sales of tangible fixed assets	-	17,800
	<u>(83,608)</u>	<u>(97,056)</u>

16 Analysis of changes in net debt	At 1 Jan 2015 £	Cash flows £	Non-cash changes £	At 31 Dec 2015 £
Cash at bank and in hand	182,035	<u>971,396</u>		1,153,431
Total	<u>182,035</u>	<u>971,396</u>	<u>-</u>	<u>1,153,431</u>

H MART EUROPE LIMITED
Detailed profit and loss account
For the year ended 31 December 2015

	2015 £	2014 £
Sales	13,286,919	9,361,667
Cost of sales	(9,696,506)	(6,635,551)
Gross profit	<u>3,590,413</u>	<u>2,726,116</u>
Administrative expenses	(2,606,160)	(2,455,047)
Other operating income	(18,482)	58,756
Operating profit	<u>965,771</u>	<u>329,825</u>
Interest receivable	-	2
Interest payable	13,230	(29,336)
Profit before tax	<u>979,001</u>	<u>300,491</u>

H MART EUROPE LIMITED
Detailed profit and loss account
For the year ended 31 December 2015

	2015 £	2014 £
Sales		
Sales	13,286,919	9,361,667
Cost of sales		
Purchases	9,786,166	5,885,370
(Increase)/decrease in stocks	(466,621)	499,481
Subcontractor costs	-	86
Carriage	345,083	221,023
Packaging	31,878	29,591
	<u>9,696,506</u>	<u>6,635,551</u>
Administrative expenses		
Employee costs:		
Wages and salaries	974,553	952,904
Directors' salaries	15,298	18,374
Pensions	990	-
Employer's NI	60,527	44,753
Temporary staff and recruitment	1,392	8,567
Staff training and welfare	3,384	1,238
Travel and subsistence	20,674	6,910
Motor expenses	95,816	80,383
Entertaining	12,433	14,006
	<u>1,185,067</u>	<u>1,127,135</u>
Premises costs:		
Rent	479,057	473,416
Rates	151,070	163,655
Light and heat	154,210	133,290
Cleaning	22,681	19,520
	<u>807,018</u>	<u>789,881</u>
General administrative expenses:		
Telephone and fax	8,104	7,169
Stationery and printing	30,885	17,521
Donations	970	1,250
Subscriptions	1,194	2,084
Bank charges	40,447	31,925
Insurance	69,855	47,261
Equipment hire	32,236	20,968
Repairs and maintenance	66,300	77,608
Depreciation	233,160	238,771
Bad debts	2,089	(50)
	<u>485,240</u>	<u>444,507</u>
Legal and professional costs:		
Accountancy fees	11,844	9,196
Advertising and PR	94,546	72,733
Other legal and professional	18,945	11,595
	<u>128,835</u>	<u>93,524</u>
	<u>2,606,160</u>	<u>2,455,047</u>
Other operating income		
Exchange rate variance	<u>(18,482)</u>	<u>58,756</u>