
HORWOOD HOMEWARES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

HORWOOD HOMEWARES LIMITED

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HORWOOD HOMEWARES LIMITED

COMPANY INFORMATION

DIRECTORS	G Rao N Rosati R J Jones S Krishnamurthy R Srinivasan K Heathcote (appointed 1 April 2019)
COMPANY SECRETARY	K Heathcote
REGISTERED NUMBER	00308589
REGISTERED OFFICE	Avonmouth Way Bristol BS11 9HX
INDEPENDENT AUDITOR	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Portwall Place Portwall Lane Bristol BS1 6NA
BANKERS	Barclays Bank PLC 86 Queens Road Clifton Bristol BS8 1RB

HORWOOD HOMEWARES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

INTRODUCTION

The directors present their strategic report for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the wholesale supply of homewares to the retail trade. The company intends to continue the development of these activities in the future.

The directors are satisfied with the trading results of the company for the period and they are confident of the future prospects of the company.

PRINCIPAL RISKS AND UNCERTAINTIES

This report and financial statements contain certain forward looking assumptions and estimates. These assumptions and estimates are made by the directors in good faith, based upon the information available to them at the time of approval of this report. Actual results may differ from those assumed and estimated in this report and financial statements, depending on a number of factors. These factors include customers' acceptance of the company's products; changes in customer requirements and in levels of demand in the market; competitive pressure on pricing; delays or additional cost in product design; fluctuations in manufacturing delivery performance, yields and costs; the loss or lack of key personnel; and overall economic conditions.

FINANCIAL KEY PERFORMANCE INDICATORS

The company's primary internal measurement is performance against annual budgets. In the table below TARGET represents the company's budget for 2019. Source data is taken from the audited financial statements and the company's budgets.

	TARGET	2019	2018
Return on equity	14.44%	5.49%	12.94%
Gross Margin	38.05%	35.04%	35.54%
Annualised sales movement	13.67%	(2.76%)	(7.97%)

FINANCIAL RISK MANAGEMENT

The company's financial instruments, other than derivatives, comprise cash at bank and various items including trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to fund the company's operations.

The company also enters into derivatives transactions. These are forward foreign currency contracts. The purpose of these is to manage the currency risks arising from the company's overseas purchasing operations. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The directors review the company's exposure to foreign currency risks and when appropriate enter into forward contracts.

HORWOOD HOMEWARES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

OTHER KEY PERFORMANCE INDICATORS

The Board does not utilise any non financial KPIs. We do however have a balanced and targeted approach to monitoring our activities to try to ensure the best possible standards of:

- Safety
- Quality
- Service
- People

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

K Heathcote
Director



Date:

9/5/19

HORWOOD HOMEWARES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £626,764 (2018 - £1,271,720).

A dividend of £1,400,000 (2018: £nil) has been paid.

DIRECTORS

The directors who served during the year were:

N S Hardman (resigned 31 March 2019)
G Rao
N Rosati
R J Jones
S Krishnamurthy
R Srinivasan

FUTURE DEVELOPMENTS

The directors are satisfied with the trading results of the company for the period and they are confident of the future prospects of the company.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 236 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

HORWOOD HOMEWARES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

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'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's auditor is aware of that information.

AUDITOR

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

K Heathcote
Director



Date:

9/5/19

HORWOOD HOMEWARES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HORWOOD HOMEWARES LIMITED

Opinion

We have audited the financial statements of Horwood Homewares Limited for the year ended 31 March 2019 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

HORWOOD HOMEWARES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HORWOOD HOMEWARES LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

HORWOOD HOMEWARES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HORWOOD HOMEWARES LIMITED
(CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Fiona Westwood (Senior statutory auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants & Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 9 May 2019

HORWOOD HOMEWARES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover		15,197,572	15,629,647
Cost of sales		(9,873,031)	(10,074,597)
GROSS PROFIT		5,324,541	5,555,050
Distribution costs		(3,787,636)	(3,355,123)
Administrative expenses		(848,686)	(726,590)
OPERATING PROFIT	4	688,219	1,473,337
Interest receivable and similar income		30,498	13,218
Interest payable and expenses	7	(16,111)	(7,210)
PROFIT BEFORE TAX		702,606	1,479,345
Tax on profit	8	(75,842)	(207,625)
PROFIT FOR THE FINANCIAL YEAR		626,764	1,271,720

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 12 to 27 form part of these financial statements.

HORWOOD HOMEWARES LIMITED
REGISTERED NUMBER: 00308589

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Intangible assets	9	108,095	-
Tangible assets	10	1,513,722	1,587,078
		<u>1,621,817</u>	<u>1,587,078</u>
CURRENT ASSETS			
Stocks	11	7,399,701	7,605,152
Debtors: amounts falling due within one year	12	2,395,740	2,465,420
Cash at bank and in hand	13	1,718,328	2,543,692
		<u>11,513,769</u>	<u>12,614,264</u>
Creditors: amounts falling due within one year	14	(1,719,236)	(2,014,445)
NET CURRENT ASSETS		<u>9,794,533</u>	<u>10,599,819</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,416,350</u>	<u>12,186,897</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	16	(71,911)	(69,222)
		<u>(71,911)</u>	<u>(69,222)</u>
NET ASSETS		<u>11,344,439</u>	<u>12,117,675</u>
CAPITAL AND RESERVES			
Called up share capital	18	28,335	28,335
Profit and loss account	17	11,316,104	12,089,340
		<u>11,344,439</u>	<u>12,117,675</u>

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

K Heathcote
Director



Date:

9/5/19

The notes on pages 12 to 27 form part of these financial statements.

HORWOOD HOMEWARES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2017	28,335	10,817,620	10,845,955
Profit for the year	-	1,271,720	1,271,720
At 1 April 2018	28,335	12,089,340	12,117,675
Profit for the year	-	626,764	626,764
Dividends: Equity capital	-	(1,400,000)	(1,400,000)
AT 31 MARCH 2019	28,335	11,316,104	11,344,439

The notes on pages 12 to 27 form part of these financial statements.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

1.1 General information

Horwood Homewares Limited is a private company, limited by shares, incorporated in England and Wales. The address of the registered office is Avonmouth Way, Bristol, BS11 9HX.

1.2 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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

1.3 Financial Reporting Standard 101 - Reduced Disclosure Exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

1.4 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 2 to 3.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.5 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 on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

1.6 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.

Amortisation is provided on the following bases:

Website development	-	25 % per annum on a straight line basis
Trademarks	-	20 % per annum on a straight line basis

1.7 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.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% or 10% per annum on a straight line basis
Long-term leasehold improvements	-	10% per annum on a straight line basis
Fixtures, fittings and equipment	-	10% or 25% per annum on a straight line basis

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.

The company's banking facilities are secured by fixed and floating charges over the company's assets.

1.8 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 on a first in, first out basis.

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.

1.9 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.

1.10 Financial instruments

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.10 Financial instruments (continued)

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

1.11 Derivative instruments

Derivative instruments are not at fair value on the balance sheet on the grounds of immateriality. Instead, gains or losses made on the derivatives are recognised within profit or loss as and when the instruments are settled.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.13 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

1.14 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.

1.15 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 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 Company in independently administered funds.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of comprehensive income in the period that the Company 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.

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Impairment of assets

The company assesses at each reporting date whether an asset may be impaired. If there is any such indication that the carrying value may not be recoverable, the company estimates the recoverable amount of the asset. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss.

3. TURNOVER

The whole of the turnover is attributable to the company's principal activity; the wholesale supply of homewares to the retail trade.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	11,935,594	12,491,857
EIRE	2,126,454	1,931,996
Europe	583,543	530,367
Rest of World	551,981	675,427
	<u>15,197,572</u>	<u>15,629,647</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	104,657	92,240
Amortisation of intangible assets	11,540	-
Auditor's remuneration - audit services	14,955	14,626
Auditor's remuneration - other services	3,100	3,040
Operating lease rentals	97,558	89,848
Defined contribution pension cost	116,917	101,921
	<u>348,727</u>	<u>303,675</u>

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. EMPLOYEES

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

	2019 £	2018 £
Wages and salaries	1,887,590	1,642,643
National insurance	194,201	133,902
Cost of defined contribution scheme	116,917	101,921
	<u>2,198,708</u>	<u>1,878,466</u>

Amounts due at the period end in respect of pension contributions were £14,877 (2018: £14,903).

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

	2019 No.	2018 No.
Sales and distribution	39	38
Administration	11	11
	<u>50</u>	<u>49</u>

6. DIRECTORS' REMUNERATION

	2019 £	2018 £
Directors' emoluments	400,408	393,070
Directors' pension costs	43,106	41,550
	<u>443,514</u>	<u>434,620</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £135,987 (2018 - £133,368).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,999 (2018 - £19,698).

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest payable	16,111	7,210
	<u>16,111</u>	<u>7,210</u>

8. TAXATION

	2019 £	2018 £
CORPORATION TAX		
Current tax on profits for the year	67,660	150,146
Adjustments in respect of previous periods	5,493	5,628
TOTAL CURRENT TAX	<u>73,153</u>	<u>155,774</u>
DEFERRED TAX		
Origination and reversal of timing differences	6,550	51,851
Adjustments in respect of prior periods	(3,861)	-
TOTAL DEFERRED TAX	<u>2,689</u>	<u>51,851</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>75,842</u>	<u>207,625</u>

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	702,606	1,479,345
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	133,495	281,076
EFFECTS OF:		
Expenses not deductible for tax purposes	10,214	9,444
Adjustments to tax charge in respect of prior periods	5,493	5,628
Adjustments to tax charge in respect of prior periods - deferred tax	(3,861)	-
Adjustments in respect of changing tax rates for deferred tax	(768)	(6,101)
Group relief	(68,731)	(82,422)
TOTAL TAX CHARGE FOR THE YEAR	75,842	207,625

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Legislation has been enacted to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. Accordingly, deferred tax has been calculated at the tax rate of 17%.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9. INTANGIBLE ASSETS

	Trademarks £	Website development £	Total £
COST			
Additions	29,411	90,224	119,635
At 31 March 2019	29,411	90,224	119,635
AMORTISATION			
Charge for the year	2,002	9,538	11,540
At 31 March 2019	2,002	9,538	11,540
NET BOOK VALUE			
At 31 March 2019	27,409	80,686	108,095
At 31 March 2018	-	-	-

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures, fittings and equipment £	Total £
COST			
At 1 April 2018	1,994,783	1,469,131	3,463,914
Additions	-	31,301	31,301
At 31 March 2019	1,994,783	1,500,432	3,495,215
DEPRECIATION			
At 1 April 2018	562,430	1,314,406	1,876,836
Charge for the year on owned assets	65,859	38,798	104,657
At 31 March 2019	628,289	1,353,204	1,981,493
NET BOOK VALUE			
At 31 March 2019	1,366,494	147,228	1,513,722
At 31 March 2018	1,432,353	154,725	1,587,078

11. STOCKS

	2019 £	2018 £
Finished goods and goods for resale	7,399,701	7,605,152

12. DEBTORS

	2019 £	2018 £
Trade debtors	1,933,176	1,901,507
Amounts owed by group undertakings	30,293	-
Other debtors	-	49,855
Prepayments and accrued income	432,271	514,058
	2,395,740	2,465,420

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	<u>1,718,328</u>	<u>2,543,692</u>

14. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,112,808	1,355,499
Corporation tax	23,298	-
Other taxation and social security	258,866	190,297
Other creditors	324,264	468,649
	<u>1,719,236</u>	<u>2,014,445</u>

15. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	1,718,328	2,543,692
Financial assets that are debt instruments measured at amortised cost	1,981,801	1,918,222
	<u>3,700,129</u>	<u>4,461,914</u>

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost	<u>(1,437,072)</u>	<u>(1,824,148)</u>
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Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. DEFERRED TAXATION

	2018 £
At beginning of year	(69,222)
Charged to the profit or loss	(2,689)
AT END OF YEAR	(71,911)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(74,094)	(70,713)
Short term timing differences	2,183	1,491
	(71,911)	(69,222)

17. RESERVES

Profit & loss account

Profit & loss account reflects the entity's accumulated earnings less dividends paid and payable.

18. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
20,760 5% cumulative preference shares of £1.00 each	20,760	20,760
75 Ordinary shares of £1.00 each	75	75
7,500 Deferred shares of £1.00 each	7,500	7,500
	28,335	28,335

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. SHARE CAPITAL (CONTINUED)

The 5% cumulative preference shares of £1 each entitle the holder to receive a cumulative preferential dividend at the rate of 5% on the paid up capital. Dividend entitlements have been waived.

The deferred shares of £1 each entitle the holder to a fixed non cumulative dividend at the rate of 5% on the paid up capital for any financial year in respect of which the net profits of the company available for dividend exceed £20,000,000.

On winding up, holders of the deferred shares shall be entitled, out of the surplus assets of the company, to a return of the capital paid up on the deferred shares, after a total of £2,000,000 has been distributed in respect of each of the ordinary shares. The deferred shares do not entitle the holder to vote at any General Meeting of the company in respect of such shares.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	85,460	83,352
Later than 1 year and not later than 5 years	105,070	120,840
	<u>190,530</u>	<u>204,192</u>

20. OTHER FINANCIAL COMMITMENTS

The company's local currency is pounds sterling, but a significant proportion of its purchases are from overseas. These purchases are denominated in US dollars and Euros. As a result, the company is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling, US dollars and Euros. The company seeks to reduce this risk by entering into forward contracts.

The company held foreign exchange forward contracts worth US\$3.97 million (2018: US\$7.0 million) and €nil (2018: €1.0 million) as at 31 March 2019. No financial asset or liability is held on the balance sheet at the current or prior year ends on the basis that it is not material.

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

21. CONTROLLING PARTY

The previous immediate parent company, Horwood Homewares Holdings Limited, a company incorporated in England and Wales, was dissolved on 26 February 2019.

The current immediate parent company is TTK British Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company is TTK Prestige Limited, a company incorporated in India. Consolidated financial statements for TTK Prestige are available from the company's registered office.

There is not deemed to be a single controlling party of TTK Prestige Limited.