
HORWOOD HOMEWARES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

HORWOOD HOMEWARES LIMITED

COMPANY INFORMATION

Directors	G Rao N Rosati R J Jones S Krishnamurthy R Srinivasan K Heathcote
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

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HORWOOD HOMEWARES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The directors present their strategic report for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the wholesale supply of homewares to the retail trade and the development of D2C sales through online channels. 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.

The past twelve months has seen an unprecedented level of challenge within the business, primarily due to the Covid-19 pandemic and Brexit. The pandemic resulted in a large proportion of the traditional retail base being closed for a substantial part of the year in response to national and local lockdowns. The last year has also seen significant growth in online sales however, which has accelerated plans to grow into this channel and provided the company with a good building block for future growth.

Brexit has also resulted in issues during the last three months of the financial year, primarily due to the paperwork required to export to the EU undergoing frequent changes. This has caused initial delays in exports and an additional administrative burden, however it is seen as a short-term issue, with orders now flowing again with considerably less interruption.

Stock availability has provided a further challenge, due to a combination of post pandemic delays and spiralling freight costs. Incoming stock is now generally flowing more freely and is being monitored on a case by case basis in terms of freight cost.

At the current time, any ongoing impact of the Covid-19 pandemic is seen as the key risk to the business. Based on the resilience shown by the company during the last year and the growth in online sales, the Board remains confident that the company is well placed to overcome the current challenges and will continue to prosper moving forward.

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 2021. Source data is taken from the audited financial statements and the company's budgets.

	TARGET	2021	2020
Return on equity	(0.63%)	8.39%	(4.17%)
Gross margin	37.27%	41.06%	35.12%
Annualised sales movement	(25.23%)	3.29%	(1.27%)

HORWOOD HOMEWARES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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.

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 on

and signed on its behalf.



29/05/2021

K Heathcote
Director

HORWOOD HOMEWARES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

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 year. 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,042,456 (2020 - loss £483,877).

The prior year loss was due to the disposal of an investment made in Horwood Life Limited, a subsidiary of Horwood Homewares.

A dividend of £100,000 has been paid (2020: £nil). No dividends have been proposed (2020: £nil).

Directors

The directors who served during the year were:

G Rao
N Rosati
R J Jones
S Krishnamurthy
R Srinivasan
K Heathcote

HORWOOD HOMEWARES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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.

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 on

and signed on its behalf.



24/05/2021

K Heathcote
Director

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

Opinion

We have audited the financial statements of Horwood Homewares Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and the notes to the financial statements, including significant accounting policies. 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 company's affairs as at 31 March 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 contained within the Annual report and financial statements. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 in relation to which 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 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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with requirements of the framework through:

- Outsourcing accounts preparation and tax compliance to external experts;
- Making note of relevant updates from external experts, and updating internal procedures and controls as necessary as legal and regulatory requirements change; and
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly and are considered at Board meetings.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements, which are central to the company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and FRS 101 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries and incorrect recognition of revenue. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Testing a sample of revenue transactions to underlying documentation; and
- Testing a sample of manual journal entries, selected through applying specific risk assessments based on the company's processes and controls surrounding manual journal entries.

A further description of our responsibilities is available 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.

HORWOOD HOMEWARES LIMITED

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

Nexia Smith & Williamson

Carl Deane (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants & Statutory Auditors

Portwall Place

Portwall Lane

Bristol

BS1 6NA

Date: 24 May 2021

HORWOOD HOMEWARES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	3	15,505,960	15,004,031
Cost of sales		(9,135,231)	(9,734,732)
Gross profit		6,370,729	5,269,299
Distribution costs		(4,037,971)	(3,933,352)
Administrative expenses		(1,276,766)	(834,676)
Exceptional items	10	-	(868,809)
Other operating income	4	302,178	-
Operating profit/(loss)	5	1,358,170	(367,538)
Interest receivable and similar income		-	5,781
Interest payable and expenses	8	(105,866)	(105,356)
Profit/(loss) before tax		1,252,304	(467,113)
Tax on profit/(loss)	9	(209,848)	(16,764)
Profit/(loss) for the financial year		1,042,456	(483,877)

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 28 form part of these financial statements.

HORWOOD HOMEWARES LIMITED
REGISTERED NUMBER: 00308589

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	69,212	92,363
Tangible fixed assets	12	2,978,330	3,109,087
		<u>3,047,542</u>	<u>3,201,450</u>
Current assets			
Stocks	14	5,428,832	7,097,241
Debtors: amounts falling due after more than one year	15	39,639	-
Debtors: amounts falling due within one year	15	2,657,604	2,650,978
Cash at bank and in hand	16	6,287,627	1,798,519
		<u>14,413,702</u>	<u>11,546,738</u>
Creditors: amounts falling due within one year	17	(3,015,005)	(1,199,875)
Net current assets		<u>11,398,697</u>	<u>10,346,863</u>
Total assets less current liabilities		<u>14,446,239</u>	<u>13,548,313</u>
Creditors: amounts falling due after more than one year	18	(1,616,817)	(1,619,454)
Provisions for liabilities			
Deferred tax	19	(26,404)	(68,297)
		<u>(26,404)</u>	<u>(68,297)</u>
Net assets		<u><u>12,803,018</u></u>	<u><u>11,860,562</u></u>
Capital and reserves			
Called up share capital	20	1,028,335	1,028,335
Profit and loss account	21	11,774,683	10,832,227
		<u><u>12,803,018</u></u>	<u><u>11,860,562</u></u>

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

 24/05/2021

K Heathcote
Director

The notes on pages 12 to 28 form part of these financial statements.

HORWOOD HOMEWARES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	28,335	11,316,104	11,344,439
Comprehensive income for the year			
Loss for the year	-	(483,877)	(483,877)
Shares issued during the year	1,000,000	-	1,000,000
At 1 April 2020	1,028,335	10,832,227	11,860,562
Comprehensive income for the year			
Profit for the year	-	1,042,456	1,042,456
Dividends: Equity capital	-	(100,000)	(100,000)
At 31 March 2021	<u>1,028,335</u>	<u>11,774,683</u>	<u>12,803,018</u>

The notes on pages 12 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 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 judgment in applying the Company's accounting policies (see note 2).

1.2 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.

1.3 Financial Reporting Standard 101 - Reduced Disclosure Exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- 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

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 1 to 2.

Despite the challenges experienced over the last twelve months in relation to the Covid-19 pandemic and Brexit, there has been significant growth in online sales during the year. This has accelerated plans to grow into this channel and also provided a good foundation for future growth.

Based on cash flow forecasts prepared for the period to May 2022, the directors have a reasonable expectation that the company has adequate resources to enable it 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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.

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
Fixtures, fittings and equipment	-	10% or 25% per annum on a straight line basis
Other fixed assets	-	20% to 33% 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 profit or loss.

Right of use assets are depreciated at the same rate as those assets detailed above.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies (continued)**1.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

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 on a weighted average cost basis and also includes other directly attributable costs.

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

1.10 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.

1.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

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

Financial assets

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies (continued)**1.11 Financial instruments (continued)**

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.

1.12 Derivative instruments

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

1.13 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies (continued)**1.14 Leases**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.15 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

1.16 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

1.17 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies (continued)**1.18 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 profit or loss 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.

1.19 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 profit or loss in the year 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.

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies (continued)**1.21 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Going concern

The company has to make judgements over the applicability of the going concern basis and the future cash flow forecasts used to support this conclusion. This has been discussed further in note 1.4 above.

3. Turnover

The whole of the turnover is attributable to the company's principal activity; the wholesale supply of homewares to the retail trade and the development of D2C sales through online channels.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	12,415,912	12,167,383
Rest of Europe	2,608,696	2,364,622
Sales - Rest of world	481,352	472,026
	<u>15,505,960</u>	<u>15,004,031</u>

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4. Other operating income

	2021 £	2020 £
Government grants receivable	302,178	-
	<u>302,178</u>	<u>-</u>

Government grants receivable in the year relates to monies received by the company under the UK Government's Coronavirus Job Retention Scheme.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	211,558	210,162
Amortisation of intangible assets	37,238	52,732
Auditor's remuneration - audit services	18,000	16,000
Other operating lease rentals	39,977	22,375
Defined contribution pension cost	<u>192,121</u>	<u>110,769</u>

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Employees

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

	2021 £	2020 £
Wages and salaries	1,853,535	1,955,878
National insurance	196,563	191,355
Cost of defined contribution pension scheme	192,121	110,769
	<u>2,242,219</u>	<u>2,258,002</u>

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

	2021 No.	2020 No.
Sales and distribution	36	38
Administration	13	12
	<u>49</u>	<u>50</u>

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	422,086	419,173
Directors' pension costs	113,830	38,530
	<u>535,916</u>	<u>457,703</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,604 (2020 - £146,006).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £37,320 (2020 - £11,828).

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	6,954	10,249
Other interest payable	98,912	95,107
	<u>105,866</u>	<u>105,356</u>

9. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on (losses)/profits for the year	272,644	20,903
Adjustments in respect of previous periods	(20,903)	(525)
Double taxation relief	(7,591)	-
	<u>244,150</u>	<u>20,378</u>
Foreign tax		
Foreign tax on income for the year	7,591	-
	<u>7,591</u>	<u>-</u>
Total current tax	<u>251,741</u>	<u>20,378</u>
Deferred tax		
Origination and reversal of timing differences	(35,217)	(12,599)
Adjustments in respect of prior periods	(6,676)	8,985
Total deferred tax	<u>(41,893)</u>	<u>(3,614)</u>
Taxation on profit for the year	<u>209,848</u>	<u>16,764</u>

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) before tax	1,252,304	(467,113)
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	237,938	(88,751)
Effects of:		
Expenses not deductible for tax purposes	15,952	173,133
Adjustments to tax charge in respect of prior periods	(20,903)	(525)
Other timing differences leading to an increase (decrease) in taxation	5,689	5,278
Adjustments to tax charge in respect of prior periods - deferred tax	(6,676)	470
Adjustments in respect of changing tax rates for deferred tax	-	8,515
Group relief	(22,152)	(81,356)
Total tax charge for the year	209,848	16,764

Factors that may affect future tax charges

Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. These changes are not included above as Finance Bill 2021 was not substantively enacted by the year end.

10. Exceptional items

	2021 £	2020 £
Impairment of investment and receivable balances	-	868,809

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

11. Intangible assets

	Trademarks and website costs £
Cost	
At 1 April 2020	156,635
Additions - external	14,087
At 31 March 2021	<u>170,721</u>
Amortisation	
At 1 April 2020	64,272
Charge for the year on owned assets	37,238
At 31 March 2021	<u>101,510</u>
Net book value	
At 31 March 2021	<u><u>69,211</u></u>
At 31 March 2020	<u><u>92,363</u></u>

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. Tangible fixed assets

	Long-term leasehold property £	Fixtures, fittings and equipment £	Right of use assets £	Total £
Cost or valuation				
At 1 April 2020	1,994,782	1,509,000	1,796,960	5,300,742
Additions	-	16,182	71,016	87,198
Disposals	-	-	(33,902)	(33,902)
At 31 March 2021	1,994,782	1,525,182	1,834,074	5,354,038
Depreciation				
At 1 April 2020	693,249	1,385,242	113,164	2,191,655
Charge for the year on owned assets	63,854	31,645	116,059	211,558
Disposals	-	-	(27,505)	(27,505)
At 31 March 2021	757,103	1,416,887	201,718	2,375,708
Net book value				
At 31 March 2021	1,237,679	108,295	1,632,356	2,978,330
At 31 March 2020	1,301,533	123,758	1,683,796	3,109,087

The right of use assets above represent the values capitalised by the company under IFRS 16. The total net book value of these assets represents a long leasehold right of use asset of £1,472,098 (2020: £1,500,822) and the balance relating to motor vehicles and other assets. As disclosed in Note 18, lease obligations have been created in respect of the company's ongoing obligations to make repayments on these leases.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13. Fixed asset investments

	Investments in subsidiary companies £
At 1 April 2020	826,713
Disposals	(826,713)
At 31 March 2021	-
At 1 April 2020	826,713
Impairment on disposals	(826,713)
At 31 March 2021	-
Net book value	
At 31 March 2021	-
At 31 March 2020	-

The above investment represented a 51% interest in the ordinary share capital of Horwood Life Limited, a company registered in England and Wales with a common registered office. Its principal activity was the supply of homeware to the retail trade.

This investment was impaired in full in the prior period. A decision was made during the year to dispose of this subsidiary, at which point £nil profit or loss was recognised on disposal.

14. Stocks

	2021 £	2020 £
Finished goods and goods for resale	5,428,832	7,097,241

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	39,639	-
	<u>39,639</u>	<u>-</u>
	<u><u>39,639</u></u>	<u><u>-</u></u>
 Due within one year		
Trade debtors	1,839,392	2,101,015
Amounts owed by group undertakings	136,294	164,186
Other debtors	16,819	53,097
Prepayments and accrued income	665,099	332,680
	<u>2,657,604</u>	<u>2,650,978</u>
	<u><u>2,657,604</u></u>	<u><u>2,650,978</u></u>

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	6,287,627	1,798,519
	<u>6,287,627</u>	<u>1,798,519</u>
	<u><u>6,287,627</u></u>	<u><u>1,798,519</u></u>

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,999,408	668,965
Corporation tax	131,053	-
Other taxation and social security	289,894	167,460
Lease obligations	61,873	80,671
Other creditors and accruals	532,777	282,779
	<u>3,015,005</u>	<u>1,199,875</u>
	<u><u>3,015,005</u></u>	<u><u>1,199,875</u></u>

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

	2021 £	2020 £
Net obligations under leasing obligations	1,616,817	1,619,454
	<u>1,616,817</u>	<u>1,619,454</u>

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2021 £	2020 £
Lease liabilities		
Repayable by instalments	1,524,992	1,499,437
Total amounts due after more than five years	<u>1,524,992</u>	<u>1,499,437</u>

The above lease obligations arise under the application of IFRS 16. The above liabilities represent the discounted value of the company's obligations to make future lease payments under qualifying leases. Note 12 discloses the net book value of right of use assets to which these lease arrangements relate. In addition to the above amount, £91,825 (2019: £120,017) is due between 2 and 5 years.

19. Deferred taxation

	2021 £
At beginning of year	(68,297)
Utilised in year	41,893
At end of year	<u>(26,404)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(55,601)	(71,911)
Short term timing differences	29,197	3,614
	<u>(26,404)</u>	<u>(68,297)</u>

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,028,335 (2020 - 1,028,335) Ordinary shares of £1.00 each	1,028,335	1,028,335

21. Reserves

Profit & loss account

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

22. Capital commitments

At 31 March 2021, the company had capital commitments totalling £354,457 (2020: £nil).

23. 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 contracts worth US\$3 million at 31 March 2021 (2020: US\$1 million). No financial asset or liability is held on the balance sheet at the current or prior year end on the basis that it is not material.

24. Related party transactions

During the period the Company made purchases of £nil (2020: £141,177) from and recharged amounts of £21,325 (2020: £44,973) to non-wholly owned group companies, and at the year end an amount of £nil (2020: £42,096) due from this group company was fully impaired.

25. Controlling party

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 Limited are available from the company's registered office.

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