

Registered number: 00308589

HORWOOD HOMEWARES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

HORWOOD HOMEWARES LIMITED

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HORWOOD HOMEWARES LIMITED

COMPANY INFORMATION

DIRECTORS	N S Hardman G Rao (appointed 25 September 2017) N Rosati R J Jones S Krishnamurthy R Srinivasan (appointed 25 September 2017)
COMPANY SECRETARY	N S Hardman
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 2018

INTRODUCTION

The directors present their strategic report for the year ended 31 March 2018.

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 2018. Source data is taken from the audited financial statements and the company's budgets.

	TARGET	2018	2017
Return on equity	21.90%	12.94%	21.46%
Gross Margin	38.50%	35.54%	40.04%
Annualised sales movement	7.74%	(7.97%)	(9.07%)

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

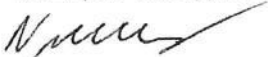
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

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.



N S Hardman
Director

Date:

HORWOOD HOMEWARES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,271,720 (2017 - £2,494,395).

A dividend of £Nil (2017: £3,495,660) has been paid.

DIRECTORS

The directors who served during the year were:

N S Hardman
G Rao (appointed 25 September 2017)
N Rosati
R J Jones
C Kalro (resigned 25 September 2017)
S Krishnamurthy
J T Thatai (resigned 25 September 2017)
R Srinivasan (appointed 25 September 2017)

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.

HORWOOD HOMEWARES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

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.



N S Hardman
Director

Date: 11/6/18

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 2018 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).

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

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 2018 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.

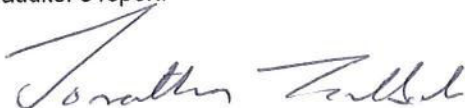
HORWOOD HOMEWARES LIMITED

**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.



Jonathan Talbot (Senior statutory auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants & Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date:

11 / 6 / 18

HORWOOD HOMEWARES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

		31 March 2018 £	Period ended 31 March 2017 £
	Note		
Turnover	3	15,629,647	21,229,485
Cost of sales		(10,074,597)	(12,730,028)
GROSS PROFIT		<u>5,555,050</u>	<u>8,499,457</u>
Distribution costs		(3,355,123)	(4,380,059)
Administrative expenses		(726,590)	(1,068,047)
OPERATING PROFIT	4	<u>1,473,337</u>	<u>3,051,351</u>
Interest receivable and similar income		13,218	6,774
Interest payable and expenses	7	(7,210)	(27,145)
PROFIT BEFORE TAX		<u>1,479,345</u>	<u>3,030,980</u>
Tax on profit	8	(207,625)	(536,585)
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,271,720</u></u>	<u><u>2,494,395</u></u>

There was no other comprehensive income for 2018 (2017:£NIL).

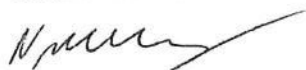
The notes on pages 12 to 25 form part of these financial statements.

HORWOOD HOMEWARES LIMITED
REGISTERED NUMBER: 00308589

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	9	1,587,078	1,293,334
		<u>1,587,078</u>	<u>1,293,334</u>
CURRENT ASSETS			
Stocks	10	7,605,152	6,823,589
Debtors: amounts falling due within one year	11	2,465,420	2,378,728
Cash at bank and in hand	12	2,543,692	2,550,436
		<u>12,614,264</u>	<u>11,752,753</u>
Creditors: amounts falling due within one year	13	(2,014,445)	(2,182,761)
NET CURRENT ASSETS		<u>10,599,819</u>	<u>9,569,992</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,186,897</u>	<u>10,863,326</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	15	(69,222)	(17,371)
		<u>(69,222)</u>	<u>(17,371)</u>
NET ASSETS		<u><u>12,117,675</u></u>	<u><u>10,845,955</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	28,335	28,335
Profit and loss account	16	12,089,340	10,817,620
		<u>12,117,675</u>	<u>10,845,955</u>

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



N S Hardman
Director

Date: 11/6/18

The notes on pages 12 to 25 form part of these financial statements.

HORWOOD HOMEWARES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	28,335	11,818,885	11,847,220
Profit for the period	-	2,494,395	2,494,395
Dividends: Equity capital	-	(3,495,660)	(3,495,660)
At 1 April 2017	28,335	10,817,620	10,845,955
Profit for the year	-	1,271,720	1,271,720
At 31 March 2018	28,335	12,089,340	12,117,675

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018

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 when all of the following conditions are satisfied:

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

1.6 Tangible fixed assets

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

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 and improvements	-	2% 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.

1.7 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.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.8 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.

1.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.10 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 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.11 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.

1.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

1.13 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.15 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.

1.16 Current and deferred taxation

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

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

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 2018

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:

	31 March 2018 £	Period ended 31 March 2017 £
United Kingdom	12,527,444	18,129,677
Europe	1,957,366	1,943,846
Rest of the world	1,144,837	1,155,962
	<u>15,629,647</u>	<u>21,229,485</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	31 March 2018 £	Period ended 31 March 2017 £
Depreciation of tangible fixed assets	92,240	111,048
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14,626	16,375
Fees payable to the Company's auditor for other professional services	3,040	3,040
Rentals under operating leases	89,848	110,405
Defined contribution pension cost	101,921	140,527
	<u>301,675</u>	<u>381,395</u>

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5. EMPLOYEES

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

	31 March 2018 £	Period ended 31 March 2017 £
Wages and salaries	1,642,643	2,218,234
Social security costs	133,902	211,147
Cost of defined contribution scheme	101,921	140,527
	<u>1,878,466</u>	<u>2,569,908</u>

Amounts due at the period end in respect of pension contributions were £14,903 (2017: £32,784).

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

	31 March 2018 No.	Period ended 31 March 2017 No.
Sales and distribution	38	39
Administration	11	11
	<u>49</u>	<u>50</u>

6. DIRECTORS' REMUNERATION

	31 March 2018 £	Period ended 31 March 2017 £
Directors' emoluments	393,070	605,516
Directors pension costs	41,550	51,490
	<u>434,620</u>	<u>657,006</u>

During the year retirement benefits were accruing to 3 directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £133,368 (2017 - £200,021).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,698 (2017 - £16,321).

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31 March 2018 £	Period ended 31 March 2017 £
Bank interest payable	7,210	27,145

8. TAXATION

	31 March 2018 £	Period ended 31 March 2017 £
CORPORATION TAX		
Current tax on profits for the year	150,146	537,093
Adjustments in respect of previous periods	5,628	-
TOTAL CURRENT TAX	155,774	537,093
DEFERRED TAX		
Origination and reversal of timing differences	51,851	(508)
TOTAL DEFERRED TAX	51,851	(508)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	207,625	536,585

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

8. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR/PERIOD

The tax assessed for the year/period is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 20.00%). The differences are explained below:

	31 March 2018 £	Period ended 31 March 2017 £
Profit on ordinary activities before tax	1,479,345	3,030,980
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 20.00%)	281,076	606,196
EFFECTS OF:		
Expenses not deductible for tax purposes	9,444	11,337
Adjustments to tax charge in respect of prior periods	5,628	-
Adjustments in respect of changing tax rates for deferred tax	(6,101)	(1,079)
Group relief	(82,422)	(79,869)
TOTAL TAX CHARGE FOR THE YEAR/PERIOD	207,625	536,585

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Legislation has been enacted to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and 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 2018**

9. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures, fittings and equipment £	Total £
COST			
At 1 April 2017	1,682,693	1,395,237	3,077,930
Additions	312,090	73,894	385,984
At 31 March 2018	1,994,783	1,469,131	3,463,914
DEPRECIATION			
At 1 April 2017	525,177	1,259,419	1,784,596
Charge for the year on owned assets	37,253	54,987	92,240
At 31 March 2018	562,430	1,314,406	1,876,836
NET BOOK VALUE			
At 31 March 2018	1,432,353	154,725	1,587,078
At 31 March 2017	1,157,516	135,818	1,293,334

There exists a charge over the long-term leasehold property in respect of borrowings made by the group.

10. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	7,605,152	6,823,589

11. DEBTORS

	2018 £	2017 £
Trade debtors	1,901,507	2,019,443
Corporation tax repayable	49,855	-
Prepayments and accrued income	514,058	359,285
	2,465,420	2,378,728

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	2,543,692	2,550,436

13. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,355,499	1,172,776
Corporation tax	-	141,885
Other taxation and social security	190,297	320,156
Other creditors and accruals	468,649	547,944
	2,014,445	2,182,761

14. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Cash and cash equivalents	2,543,692	2,550,436
Financial assets that are debt instruments measured at amortised cost	1,918,222	2,042,624
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(2,217,994)	(1,720,720)

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 2018

15. DEFERRED TAXATION

	2018 £
At beginning of year	(17,371)
Charged to the profit or loss	(51,851)
AT END OF YEAR	<u><u>(69,222)</u></u>

The provision for deferred taxation is made up as follows:

	2018 £
Accelerated capital allowances	(70,713)
Short term timing differences	1,491
	<u><u>(69,222)</u></u>

16. RESERVES

Profit & loss account

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

17. SHARE CAPITAL

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
20,760 5% cumulative preference shares of £1 each	20,760	20,760
75 Ordinary shares of £1 each	75	75
7,500 Deferred shares of £1 each	7,500	7,500
	<u><u>28,335</u></u>	<u><u>28,335</u></u>

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

17. 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.

18. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	83,352	73,592
Later than 1 year and not later than 5 years	120,840	90,380
	<u>204,192</u>	<u>163,972</u>

19. 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\$7.0 million (2017: US\$3.6 million) and €1.0 million (2017: €0.5 million) as at 31 March 2018. These are not held on the balance sheet at the year end on the grounds of immateriality.

20. CONTINGENT LIABILITIES

The company is party to the group banking arrangements of Horwood Homewares Holdings Limited and as such, any deposits held by the company are offsettable against borrowings in other group companies. It is also a cross guarantor of the group's banking facilities. These facilities are secured by fixed and floating charges which cover the assets of the company. At 31 March 2018 the net liability under these arrangements amounted to £nil (2017: £nil).

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. CONTROLLING PARTY

The immediate parent company is Horwood Homewares 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 controlling party of TTK Prestige Limited.