

HORWOOD HOMEWARES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

HORWOOD HOMEWARES LIMITED

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HORWOOD HOMEWARES LIMITED

COMPANY INFORMATION

DIRECTORS	N S Hardman R J Jones N Rosati C Kalro S Krishnamurthy J T Thatai
COMPANY SECRETARY	N S Hardman
REGISTERED NUMBER	00308589
REGISTERED OFFICE	Avonmouth Way Avonmouth 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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

RESULTS AND DIVIDENDS

The profit for the Year, after taxation, amounted to £1,766,575 (2016 - £624,403).

A dividend of £400,000 (2016: £3,095,660) has been paid.

DIRECTORS

The directors who held office during the Year are listed below:

N S Hardman
J A Horwood (resigned 28 February 2017)
R J Jones (appointed 5 February 2017)
N Rosati
C Kalro (appointed 11 April 2016)
S Krishnamurthy (appointed 11 April 2016)
J T Thatai (appointed 11 April 2016)

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Year. 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 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.

HORWOOD HOMEWARES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

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 that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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: < >

HORWOOD HOMEWARES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their strategic report for the Year ending 31 March 2017.

PRINCIPAL ACTIVITY 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 Year 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 RISK MANAGEMENT

The company's financial instruments, other than derivatives, comprise borrowings, 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 Year 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.

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 2017. Source data is taken from the audited financial statements and the company's budgets.

	TARGET	2017	2015
Return on equity	23.20%	21.46%	26.22%
Gross Margin	39.20%	40.04%	39.47%
Annualised sales movement	(0.36%)	(9.07%)	8.21%

This report was approved by the board on <

> and signed on its behalf.

N S Hardman
Director

HORWOOD HOMEWARES LIMITED

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

We have audited the financial statements of Horwood Homewares Limited for the Year ended 31 March 2017, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

HORWOOD HOMEWARES LIMITED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

Jonathan Talbot (Senior statutory auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants & Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA

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HORWOOD HOMEWARES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
TURNOVER	3	16,278,130	4,951,356
Cost of sales		<u>(9,748,751)</u>	<u>(2,981,278)</u>
GROSS PROFIT		6,529,379	1,970,078
Distribution costs		(3,430,104)	(949,845)
Administrative expenses		<u>(820,943)</u>	<u>(247,104)</u>
OPERATING PROFIT	5	2,278,332	773,129
Interest receivable and similar income		782	5,992
Interest payable and similar charges	6	<u>(22,427)</u>	<u>(4,718)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,256,687	774,403
Tax on profit on ordinary activities	7	<u>(398,504)</u>	<u>(150,000)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,858,183</u>	<u>624,403</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,858,183</u>	<u>624,403</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2017 or 2016 other than those included in the Profit and loss account.

The notes on pages 11 to 19 form part of these financial statements.

HORWOOD HOMEWARES LIMITED
REGISTERED NUMBER: 00308589

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	9		1,293,334		1,350,966
CURRENT ASSETS					
Stocks	10	6,823,589		6,812,217	
Debtors	11	2,378,728		2,446,196	
Cash at bank and in hand		<u>2,550,436</u>		<u>448,823</u>	
		11,752,753		9,707,236	
CREDITORS: amounts falling due within one year	12	<u>(2,194,062)</u>		<u>(1,664,360)</u>	
NET CURRENT ASSETS			<u>9,558,691</u>		<u>8,042,876</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,852,025		9,393,842
PROVISIONS FOR LIABILITIES					
Deferred tax	14		<u>(17,879)</u>		<u>(17,879)</u>
NET ASSETS			<u>10,834,146</u>		<u>9,375,963</u>
CAPITAL AND RESERVES					
Called up share capital	15		28,335		28,335
Profit and loss account			<u>10,805,811</u>		<u>9,347,628</u>
SHAREHOLDERS' FUNDS			<u>10,834,146</u>		<u>9,375,963</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: < >

The notes on pages 11 to 19 form part of these financial statements.

HORWOOD HOMEWARES LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2017**

	Share capital £	Retained earnings £	Total equity £
At 12 April 2016	28,335	9,347,628	9,375,963
Comprehensive income for the Year			
Profit for the Year		1,858,183	1,858,183
Total comprehensive income for the Year		1,858,183	1,858,183
Equity dividends paid		(400,000)	(400,000)
At 31 March 2017	28,335	10,805,811	10,834,146

**STATEMENT OF CHANGES IN EQUITY
AS AT 11 APRIL 2016**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2016	28,335	11,818,885	11,847,220
Comprehensive income for the Year			
Profit for the Year	-	624,403	624,403
Total comprehensive income for the Year	-	624,403	624,403
Equity dividends paid	-	(3,095,660)	(3,095,660)
At 11 April 2016	28,335	9,347,628	9,375,963

The notes on pages 11 to 19 form part of these financial statements.

HORWOOD HOMEWARES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial Year	1,858,183	624,403
Adjustments for:		
Depreciation of tangibles	85,489	25,561
Decrease (Increase) in stocks	(11,372)	84,795
Interest payable	22,427	4,718
Taxation charged in the financial Year	398,504	150,000
(Increase)/Decrease in debtors	67,468	948,472
Increase/(Decrease) in creditors	682,360	(2,083,700)
Corporation tax paid	(551,164)	(217,625)
Net cash generated from operating activities	<u>2,551,895</u>	<u>(463,376)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(27,855)	(5,497)
Net cash from investing activities	<u>(27,855)</u>	<u>(5,497)</u>
Cash flows from financing activities		
Dividends paid	(400,000)	(3,095,660)
Interest paid	(22,427)	(4,718)
Net cash used in financing activities	<u>(422,427)</u>	<u>(3,100,378)</u>
Net increase in cash and cash equivalents	2,101,613	(3,569,251)
Cash and cash equivalents at beginning of the year	448,823	4,018,074
Cash and cash equivalents at the end of the year	<u>2,550,436</u>	<u>448,823</u>
Cash at bank and in hand	<u>2,550,436</u>	<u>448,823</u>

The notes on pages 11 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following accounting policies have been applied:

1.2 Turnover

Turnover represents sales to external customers after deductions of trade discounts and Value Added Tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

Depreciation commences in the month of purchase.

1.4 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes costs of purchase and attributable direct costs. Net realisable value is the estimated selling price less selling and distribution costs. Provision is made where necessary for obsolete and slow moving stocks.

1.5 Deferred taxation

Deferred taxation is provided on timing differences that have originated but not reversed at the balance sheet date, arising from the different treatment of items for financial statements and taxation purposes. The provision is not discounted.

1.6 Leased assets

Tangible fixed assets held under finance leases and hire purchase contracts and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Operating lease rentals are charged to income in equal annual amounts over the lease term.

HORWOOD HOMEWARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.7 Foreign currencies

Normal trading activities undertaken in foreign currencies are recorded in sterling at the actual exchange rates as of the date of the transactions, unless they are covered by forward exchange contracts where the rate of the contract is used. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

The company uses various financial instruments. These are forward exchange contracts which manage the currency risk associated with its financing of its underlying business activities.

Gains or losses resulting from these instruments are deferred and released to the profit or loss to match against highly probable transactions.

1.8 Pension costs

Up until 31 March 2001 the company was a member of a group money purchase pension scheme which was funded and operated through a separate trustee administered fund. From 1 April 2001 the parent company operated a defined contribution pension scheme for employees of the company. Contributions are charged to the Profit and loss account as they fall due.

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 Year.

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:

	2017 £	2016 £
United Kingdom	13,698,371	4,431,306
Eire	1,610,960	332,886
Rest of the world	968,799	187,163
	<hr/> 16,278,130	<hr/> 4,951,355

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors remuneration	2017 £	2016 £
Remuneration as executives	461,912	143,604
Pension contributions	33,066	18,424
	<hr/>	<hr/>
	494,978	162,028
	<hr/>	<hr/>
	2017 £	2016 £
Remuneration of highest paid director	136,151	63,870
Pension contributions	10,615	5,706
	<hr/>	<hr/>
	146,766	69,576
	<hr/>	<hr/>

All directors are considered to be key management personnel. Total remuneration in respect of these individuals is £504,350 (2016 - £157,328).

	2017 No.	2016 No.
The number of directors who were members of a defined contribution pension scheme	<hr/>	<hr/>
	3	3

Staff costs during the Year (including directors)

	2017 £	2016 £
Wages and salaries	1,759,225	459,010
Social security costs	161,633	49,514
Pension costs	96,558	43,969
	<hr/>	<hr/>
	2,017,416	552,493
	<hr/>	<hr/>

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**Average number of persons employed (including directors)**

	2017 No.	2016 No.
Sales and distribution	37	37
Administration	11	11
	<hr/>	<hr/>
	48	48

Amounts due at the Year end in respect of pension contributions were £32,784 (2016: £30,180).

5. OPERATING PROFIT

Operating profit is after charging:

	2017 £	2016 £
Depreciation	85,487	25,561
Auditors' remuneration - audit	13,175	3,275
Auditors' remuneration - other	2,430	610
Rentals under operating leases:		
- hire of plant and machinery	88,220	22,185
Defined contribution pension cost	112,422	28,105
Stock charged as an expense	9,878,923	2,836,697

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Bank loans and overdrafts	22,427	4,718
Intercompany balances		-
	<hr/>	<hr/>
	22,427	4,718

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

7. TAXATION

	2017 £	2016 £
Analysis of tax charge in the Year		
Corporation tax		
Current tax charge on profit for the Year	398,504	150,000
Adjustments in respect of prior Years		
	<hr/> 398,504	<hr/> 150,000
Total current tax		
Deferred tax		
Origination and reversal of timing differences		
Effect of tax rate change on opening balance		
Total deferred tax		
Tax on profit on ordinary activities	<hr/> 398,504	<hr/> 150,000

Factors affecting tax charge for the Year

The tax assessed for the Year is (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<hr/> <hr/> 2,256,687	<hr/> <hr/> 774,403
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	451,337	154,881
Effects of:		
Expenses not deductible for tax purposes	11,315	-
Adjustments to tax charge in respect of prior Years	-	-
Adjustments to opening and closing deferred tax average rates	-	(1079)
Group relief	(64,148)	(3802)
	<hr/> 398,504	<hr/> 150,000
Current tax charge for the Year		

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

8. DIVIDENDS

	2017 Per share £	2017 Total £	2016 Per share £	2016 Total £
Dividend paid on ordinary shares	5.334	400,000	41.275	3,095,660

9. TANGIBLE FIXED ASSETS

	Long-term leasehold property and improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 12 April 2016	1,682,693	1,367,382	3,050,075
Additions		27,855	27,855
Disposals			
At 31 March 2017	1,682,693	1,395,237	3,077,930
Depreciation			
At 12 April 2016	488,994	1,210,115	1,699,109
Charge for the Year	36,183	49,304	85,487
Disposals			
At 31 March 2017	525,177	1,259,419	1,784,596
Net book value			
At 31 March 2017	1,157,516	135,818	1,293,334
At 11 April 2016	1,193,699	157,627	1,350,966

10. STOCKS

	2017 £	2016 £
Finished goods and goods for resale	6,823,589	6,812,217

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. DEBTORS

	2017 £	2016 £
Trade debtors	2,019,443	2,089,926
Amounts owed by group undertakings		-
Prepayments and accrued income	359,285	356,270
	<hr/> 2,378,728	<hr/> 2,446,196

**12. CREDITORS
Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	1,346,645	700,454
Amounts owed to group undertakings	-	-
Corporation tax	153,502	306,164
Other taxation and social security	320,157	352,484
Accruals and deferred income	373,758	305,258
	<hr/> 2,194,062	<hr/> 1,664,360

A debenture exists securing all monies that are due or that become due from Horwood Homewares Limited to its bankers.

13. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets		
Financial assets measured at amortised costs	<hr/> 2,019,443	<hr/> 2,089,926
Financial liabilities		
Financial liabilities measured at amortised cost	<hr/> (1,710,513)	<hr/> (1,005,712)

Financial assets measured at amortised cost comprise of trade debtors.

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

HORWOOD HOMEWARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. DEFERRED TAXATION

	2017 £	2016 £
At 1 January	(17,879)	17,879
Transfer to profit and loss account		
At end of Year		<u>(17,879)</u>

The provision for deferred taxation is made up as follows:

	2017 £	2015 £
Accelerated capital allowances		(36,165)
Other timing differences		18,286
		<u>(17,879)</u>

15. SHARE CAPITAL

	2017 £	2016 £
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>28,335</u>	<u>28,335</u>

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.

16. OPERATING LEASE COMMITMENTS

At 31 March 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		2017 £	Other 2016 £
	2017 £	2016 £		
Not later than one year		-	73,592	69,184
Later than one year not later than five years		-	90,380	85,389
Total			163,972	154,573

17. 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\$3.6 million (2015: US\$3.0 million) and €500,000 (2015: €400,000) as at 31 March 2017.

18. GROUP BORROWINGS

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 2017 the net liability under these arrangements amounted to £Nil (2015: £NIL).

19. RELATED PARTY TRANSACTIONS

During the period the company made purchases of £26,932 (2016: £Nil) from TTK Prestige Limited, a company related by common control, and the balance due to TTK Prestige Limited included within trade creditors, at 31 March 2017 was £Nil (2016: £Nil).

20. CONTROLLING PARTY

TTK British Holdings Limited.

The immediate parent company of TTK British Holdings Limited is TTK Prestige Limited, a company incorporated in India.

Registered number: 00308589

HORWOOD HOMEWARES LIMITED

DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

HORWOOD HOMEWARES LIMITED

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Page	2017 £	2016 £
TURNOVER	22	16,278,150	4,951,356
Cost of sales	22	(9,748,751)	(2,981,278)
		<hr/>	
GROSS PROFIT		6,529,379	1,970,078
Gross profit %		40.1%	39.8%
LESS: OVERHEADS			
Selling and distribution expenses	22	(3,430,104)	(949,845)
Administration expenses	22	(820,943)	(247,104)
		<hr/>	
OPERATING PROFIT		2,278,332	773,129
Interest receivable	23	782	5,992
Interest payable	23	(22,427)	(4,718)
		<hr/>	
PROFIT FOR THE YEAR		<u>2,256,687</u>	<u>774,403</u>

	2017 £	2016 £
TURNOVER		
Sales - UK	13,698,390	4,431,287
Sales - Europe	1,610,960	332,886
Sales – Rest of the world	968,800	187,162
	<hr/> 16,278,150	<hr/> 4,951,335
	2017 £	2016 £
COST OF SALES		
Purchases	9,737,402	2,978,218
Plant repairs	11,348	3,060
	<hr/> 9,748,750	<hr/> 2,981,278
	2017 £	2016 £
SELLING AND DISTRIBUTION EXPENSES		
Distribution costs	3,361,662	931,435
Depreciation	68,442	18,410
	<hr/> 3,430,104	<hr/> 949,845
	2017 £	2016 £
ADMINISTRATION EXPENSES		
Administrative expenses	589,086	175,743
Motor running costs	17,474	4,368
Motor vehicle leasing (operational)	18,571	4,543
Hotels, travel and subsistence	10,152	2,538
Printing and stationery	3,970	1,566
Postage	27,325	9,578
Telephone and fax	785	196
Computer costs	8,598	2,231
Legal and professional	5,655	2,926
Auditors' remuneration	17,268	4,317
Bank charges	10,254	3,194
Bad debts	49,090	16,107
Sundry expenses	18,766	4,691
Rent - operating leases	5,888	1,472
Rates	4,026	931
Light and heat	4,615	1,642
Insurances	13,304	3,908
Depreciation	16,118	7,151
	<hr/> 820,943	<hr/> 247,104

	2017 £	2016 £
INTEREST RECEIVABLE		
Bank interest receivable	782	5,992

	2017 £	2016 £
INTEREST PAYABLE		
Bank loan interest payable	22,427	4,718
Group interest payable		-
	<u>22,427</u>	<u>4,718</u>