

Registration number: 00308589

**Horwood Homewares Limited**

**Annual Report and Financial Statements  
Year Ended 31 March 2023**

**Registration number: 00308589**

# Horwood Homewares Limited

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# Horwood Homewares Limited

## Company Information

<b>Directors</b>	G Rao N Rosati R J Jones S Krishnamurthy R Srinivasan K Heathcote
<b>Company secretary</b>	K Heathcote Quayseco Ltd
<b>Registered office</b>	Avonmouth Way Bristol United Kingdom BS11 9HX
<b>Auditors</b>	PKF Francis Clark Chartered Accountants and Statutory Auditors Ground Floor Blackbrook Gate 1 Blackbrook Business Park Taunton TA1 2PX

# Horwood Homewares Limited

## Strategic Report

### Year Ended 31 March 2023

The directors present their report for the year ended 31 March 2023.

#### **Review of the business**

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 past 12 months have been challenging, primarily as a result of economic factors. Whilst we began to recover from the supply chain disruption following Covid, the impact of significant cost rises and a drop in consumer confidence has stymied our ability to achieve the results we originally expected.

The impact of the Russian invasion of Ukraine had an almost immediate impact on overheads at the beginning of the year. Direct cost increases on fuel and distribution were felt throughout the year, which were compounded by the significant and swift increase in inflation, leading to greater than expected increases on all overheads.

These factors combined, have led to a significant drop in consumers disposable income and the worst cost of living situation in over 40 years, resulting in our turnover dropping to pre-Covid levels.

Whilst we were not able to mitigate the impact of all the cost increases, we have continued to evolve and modernize the business to create the platform for future growth. Continued investment into technology has seen efficiencies created as a result of our new ERP system and the imminent launch of our trade portal will improve our customer contact, providing a more flexible solution for the modern retailer.

In line with the result for the year the balance sheet total has reduced on a net assets basis to £13,406,729 (2022: £13,921,854). There have been significant fluctuations within both working capital (as a result, principally, of the investment in stocks) and both the assets and liabilities related to Right of Use assets being principally the leasehold premises from which the business operates and which saw changes in the year due to rent review and in accordance with International Accounting Standards.

Through a focus on stock efficiency, we have reduced our post-Covid swollen stock levels, finishing the year with an on target stock balance, and as we begin to replenish existing stock we will see a natural margin gain as a result of lower freight costs and commodity prices, which will benefit the company in the latter part of next year. We expect no further negative disruption to the supply chain in the coming year.

Additionally, we continue to deliver progress through our evolving sales channels. Our branded websites, which went live during the year, have begun to bear fruit with significant growth in both traffic and average order value. With a revised focus on retail support, we also have initiatives planned for the coming year for our bricks and mortar customers, designed to strengthen our partnerships and deliver exciting, pioneering NPD to the market.

# Horwood Homewares Limited

## Strategic Report

Year Ended 31 March 2023

### Principal risks and uncertainties

The increasing level of costs and corresponding drop in consumer confidence are seen as the key risks to the business. Whilst we don't expect an immediate drop in costs, we expect there to be significant reductions in wholesale prices as the year progresses and for inflation to reduce by half by the end of the year. Both factors will help encourage consumer spend and reduce our cost base.

The Board remains confident that the company is well placed to overcome the current challenges and will return to a profitable position in the coming year.

### Financial key performance indicators

The company's primary internal measurement is performance against annual budgets and comparison to prior year. The key financial indicators are Return on Equity, Gross Margin and Annualised Sales Movement. Each of these saw the impacts of significant macro-economic challenges during the year (as described in the Review of Business above), however the directors are satisfied, in light of those challenges, with how the business adapted and performed and ended the year.

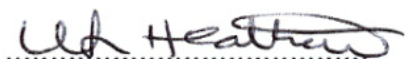
	2023	2022
Return on equity	(2.7)%	9.5%
Gross Margin	39.6%	40.8%
Annualised sales movement	(18.6)%	16.3%

### 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

Approved by the board on 19/05/23 and signed on its behalf by:



K Heathcote  
Company secretary and director

# Horwood Homewares Limited

## Directors' Report

### Year Ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

#### **Directors' of the company**

The directors, who held office during the year, were as follows:

G Rao

N Rosati

R J Jones

S Krishnamurthy

R Srinivasan

K Heathcote - Company secretary and director

#### **Financial instruments**

##### ***Objectives and policies***

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.

#### **Future developments**

As described in the Strategic Report, the directors are satisfied, in the context of the significant macro-economic conditions faced, with the trading results of the company for the period and they are confident of the future prospects of the company and return to profitability in the next financial year

#### **Directors' liabilities**

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 it currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

# Horwood Homewares Limited

## Directors' Report

Year Ended 31 March 2023

### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the board on 19/05/23 and signed on its behalf by:



K Heathcote  
Company secretary and director

# Horwood Homewares Limited

## Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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

## 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 2023, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. 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), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 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 original financial statements were 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.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

# Horwood Homewares Limited

## Independent Auditor's Report to the Members of Horwood Homewares Limited

### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and 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 information set out on page 6, 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.

### **Auditor 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:

# Horwood Homewares Limited

## Independent Auditor's Report to the Members of Horwood Homewares Limited

As part of our audit planning, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue trading and the risk of material misstatement to the financial statements. We obtained an understanding of the legal and regulatory framework that is applicable to the entity and the industry/sector in which it operates to identify the key laws and regulations affecting the entity. As part of this assessment process we discussed with management the laws and regulations applicable to the company and considered findings from previous audits.

The key laws and regulations we identified were Health & Safety at Work and General Data Protection Regulations (GDPR).

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily Companies Act 2006, Corporation Taxes Acts 2009 & 2020, and the Capital Allowances Act 2001.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place.

We also identified the individuals who have responsibility for ensuring that the entity complies with laws and regulations and deal with any reporting issues if they arise.

Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations and GDPR that could affect the financial statements;
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance;
- Reviewed board minutes; and
- Reviewed the ICO website to identify any evidence of enforcement actions.

# Horwood Homewares Limited

## Independent Auditor's Report to the Members of Horwood Homewares Limited

As part of our enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which management confirmed there had been none during or after the period.

We also evaluated the risk of fraud through management override including that arising from management's incentives. The key risks identified were incentives relating to minimisation of tax liabilities, the misappropriation of assets, and the securing of funding facilities and credit ratings, and we determined that the principal risks were related to revenue recognition, management override of controls and bias in accounting estimates, and stock existence.

In response to the identified risk, as part of our work we:

- Used data analytics to test journal entries throughout the year, for appropriateness;
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates;
- Undertook specific cut-off procedures in respect of revenue recognition;
- Undertook year end stock counting.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to be come aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



.....  
Nicholas Farrant BA MSc FCA (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Ground Floor  
Blackbrook Gate 1  
Blackbrook Business Park  
Taunton  
TA1 2PX

Date: 19/05/2023  
.....

# Horwood Homewares Limited

## Statement of Comprehensive Income

Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	15,309,952	18,797,678
Cost of sales		<u>(9,253,597)</u>	<u>(11,125,153)</u>
Gross profit		6,056,355	7,672,525
Distribution costs		(5,075,480)	(4,735,527)
Administrative expenses		(1,320,216)	(1,339,210)
Other operating income	5	<u>142,879</u>	<u>103,639</u>
Operating (loss)/profit	6	<u>(196,462)</u>	<u>1,701,427</u>
Interest payable and similar expenses	7	<u>(138,280)</u>	<u>(110,657)</u>
		<u>(138,280)</u>	<u>(110,657)</u>
(Loss)/profit before tax		(334,742)	1,590,770
Tax on (loss)/profit	11	<u>19,617</u>	<u>(321,934)</u>
(Loss)/profit for the year		<u><u>(315,125)</u></u>	<u><u>1,268,836</u></u>

There was no other comprehensive income for 2023 (2022: £Nil).

The above results were derived from continuing operations.

# Horwood Homewares Limited

## Balance Sheet

31 March 2023

	Note	31 March 2023 £	31 March 2022 £
<b>Fixed assets</b>			
Intangible assets	12	624,980	590,372
Tangible assets	13	<u>3,698,520</u>	<u>3,071,798</u>
		<u>4,323,500</u>	<u>3,662,170</u>
<b>Current assets</b>			
Stocks	14	9,585,531	7,597,992
Trade and other debtors	15	3,136,008	3,838,500
Cash at bank and in hand	16	<u>1,254,315</u>	<u>4,320,060</u>
		13,975,854	15,756,552
<b>Creditors: Amounts falling due within one year</b>	17	<u>(2,532,525)</u>	<u>(3,517,496)</u>
<b>Net current assets</b>		<u>11,443,329</u>	<u>12,239,056</u>
<b>Total assets less current liabilities</b>		15,766,829	15,901,226
<b>Creditors: Amounts falling due after more than one year</b>	18	(2,291,793)	(1,875,312)
<b>Provisions for liabilities</b>		<u>(68,307)</u>	<u>(104,060)</u>
<b>Net assets</b>		<u>13,406,729</u>	<u>13,921,854</u>
<b>Capital and reserves</b>			
Called up share capital	20	1,028,335	1,028,335
Retained earnings		<u>12,378,394</u>	<u>12,893,519</u>
Shareholders' funds		<u>13,406,729</u>	<u>13,921,854</u>

Approved by the board and authorised for use on 19/05/23 and signed on its behalf by:



K Heathcote

Company secretary and director

Company registration number: 00308589

## Horwood Homewares Limited

### Statement of Changes in Equity

Year Ended 31 March 2023

	<b>Share capital</b> £	<b>Retained earnings</b> £	<b>Total</b> £
At 1 April 2022	1,028,335	12,893,519	13,921,854
Loss for the year	-	(315,125)	(315,125)
Total comprehensive income	-	(315,125)	(315,125)
Dividends	-	(200,000)	(200,000)
At 31 March 2023	<u>1,028,335</u>	<u>12,378,394</u>	<u>13,406,729</u>

	<b>Share capital</b> £	<b>Retained earnings</b> £	<b>Total</b> £
At 1 April 2021	1,028,335	11,774,683	12,803,018
Profit for the year	-	1,268,836	1,268,836
Total comprehensive income	-	1,268,836	1,268,836
Dividends	-	(150,000)	(150,000)
At 31 March 2022	<u>1,028,335</u>	<u>12,893,519</u>	<u>13,921,854</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### 1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

Avonmouth Way

Bristol

United Kingdom

BS11 9HX

These financial statements were authorised for issue by the board on 19/05/23

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

The financial statements have been prepared under 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.

#### Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payment, business combinations, non-current assets held for sale, financial instruments, fair value measurements, capital management, revenue from contracts with customers, presentation of comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment property, presentation of a cash-flow statement, the effects of new standards not yet effective, impairment of assets and disclosures in respect of the compensation of key management personnel and of transactions with a management entity that provides key management personnel services to the company.

#### Going concern

The directors are satisfied that the going concern basis of preparation remains appropriate. The company's business activities together with the factors likely to affect its future development and position, are set out in the Strategic Report. Despite the challenges over the last twelve months in relation to macro-economic inflationary and supply chain issues the directors, whilst acknowledging the loss for the year to March 2023, are satisfied with the performance of the business and the financial position as at year end. Based on cash flow forecasts prepared for the period to May 2024, and having made all necessary enquiries, the directors have a reasonable expectation that the company has adequate resources to enable it to continue in operational existence for the foreseeable future.



# Horwood Homewares Limited

## Notes to the Financial Statements

### Year Ended 31 March 2023

#### **Revenue recognition**

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.

#### **Foreign currency transactions and balances**

The Company's functional and presentational currency is GBP.

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.

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

### Intangible assets

Intangible assets are initially recognised at cost which includes incremental costs incurred to bring the assets into full working order. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Website development	20% per annum on a straight line basis
Trademarks	20% per annum on a straight line basis
Software	25% per annum on a straight line basis

### Tangible 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

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Long-term leasehold property	2% or 10% per annum on a straight line basis
Fixtures and fittings	10% or 25% per annum on a straight line basis
Other fixed assets	20% or 33% per annum on a straight line basis

# Horwood Homewares Limited

## Notes to the Financial Statements

### Year Ended 31 March 2023

#### **Stock**

Stocks are stated at the lower of cost and net realisable value. Cost is determined 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.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of comprehensive income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

### **Financial instruments**

#### **Initial recognition**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

#### **Classification and measurement**

##### **Financial assets at amortised cost**

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

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### 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.

### 3 Critical accounting judgements 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.

#### Useful lives of depreciable assets

Useful lives are based on management's estimates of the period that the assets will generate economic benefits to the company, which are periodically reviewed for appropriateness. Changes in estimates could result in significant variations in the carrying value.

#### 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 above.

### 4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Sale of goods	<u>15,309,952</u>	<u>18,797,678</u>

The analysis of the company's turnover for the year by country of destination:

# Horwood Homewares Limited

## Notes to the Financial Statements

### Year Ended 31 March 2023

	<b>2023</b>	<b>2022</b>
	£	£
United Kingdom	13,529,867	15,474,485
Rest of Europe	1,618,835	3,079,950
Rest of World	161,250	243,243
	<u>15,309,952</u>	<u>18,797,678</u>

#### 5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	<b>2023</b>	<b>2022</b>
	£	£
Royalties receivable	142,879	97,286
Government grants	-	6,353
	<u>142,879</u>	<u>103,639</u>

#### 6 Operating (loss)/profit

Arrived at after charging/(crediting)

	<b>2023</b>	<b>2022</b>
	£	£
Depreciation expense	279,586	565,014
Amortisation expense	211,069	73,032
Foreign exchange gains	(61,773)	(4,335)
Operating lease expense - other	26,072	5,526
Loss on disposal of tangible assets	17,647	-
	<u>17,647</u>	<u>-</u>

#### 7 Interest payable and similar expenses

	<b>2023</b>	<b>2022</b>
	£	£
Interest on bank overdrafts and borrowings	24,400	8,051
Other interest payable	113,880	102,606
	<u>138,280</u>	<u>110,657</u>

# Horwood Homewares Limited

## Notes to the Financial Statements

### Year Ended 31 March 2023

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,008,347	2,084,652
Social security costs	228,809	204,996
Pension costs, defined contribution scheme	120,262	181,322
	<u>2,357,418</u>	<u>2,470,970</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Administration and support	19	16
Sales, marketing and distribution	26	33
	<u>45</u>	<u>49</u>

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Remuneration	452,654	431,909
Contributions paid to money purchase schemes	40,950	111,380
	<u>493,604</u>	<u>543,289</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Remuneration	194,515	152,692
Defined benefit accrued pension entitlement at the end of the period	<u>14,965</u>	<u>42,288</u>

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### 10 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>17,500</u>	<u>20,000</u>



# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### 11 Income tax

Tax charged/(credited) in the statement of comprehensive income

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	-	245,012
UK corporation tax adjustment to prior periods	127	(734)
Double taxation relief	-	(11,057)
	<u>127</u>	<u>233,221</u>
Foreign tax	<u>16,009</u>	<u>11,057</u>
Total current income tax	<u>16,136</u>	<u>244,278</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(27,173)	69,317
Arising from changes in tax rates and laws	(8,580)	8,339
Total deferred taxation	<u>(35,753)</u>	<u>77,656</u>
Tax (receipt)/expense in the statement of comprehensive income	<u>(19,617)</u>	<u>321,934</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
(Loss)/profit before tax	<u>(334,742)</u>	<u>1,590,770</u>
Corporation tax at standard rate	(63,601)	302,246
Increase in current tax from adjustment for prior periods	16,009	24,434
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	8,887	13,163
Decrease arising from group relief tax reconciliation	-	(22,670)
Increase/(decrease) in current tax from unrecognised temporary difference from a prior period	26,273	(734)
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	(7,556)	3,394
Other tax effects for reconciliation between accounting profit and tax expense	<u>371</u>	<u>2,101</u>
Total tax (credit)/charge	<u>(19,617)</u>	<u>321,934</u>

# Horwood Homewares Limited

## Notes to the Financial Statements

### Year Ended 31 March 2023

#### Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 April 2022 £	(Utilised) / Recognised in year £	At 31 March 2023 £
Accelerated tax depreciation	(131,712)	37,470	(94,242)
Short term timing difference	27,652	(14,255)	13,397
Losses and other deductions	-	12,538	12,538
	<u>(104,060)</u>	<u>35,753</u>	<u>(68,307)</u>

Deferred tax movement during the prior year:

	At 1 April 2021 £	(Utilised) / Recognised in year £	At 31 March 2022 £
Accelerated tax depreciation	(55,601)	(76,111)	(131,712)
Short term timing difference	29,197	(1,545)	27,652
	<u>(26,404)</u>	<u>(77,656)</u>	<u>(104,060)</u>

#### 12 Intangible assets

	Trademarks and website costs £	Software £	Total £
<b>Cost or valuation</b>			
At 1 April 2022	185,426	579,488	764,914
Additions	-	276,767	276,767
Disposals	-	(46,635)	(46,635)
At 31 March 2023	<u>185,426</u>	<u>809,620</u>	<u>995,046</u>
<b>Amortisation</b>			
At 1 April 2022	130,349	44,193	174,542
Amortisation charge	19,033	192,036	211,069
Amortisation eliminated on disposals	-	(15,545)	(15,545)
At 31 March 2023	<u>149,382</u>	<u>220,684</u>	<u>370,066</u>
<b>Carrying amount</b>			
At 31 March 2023	<u>36,044</u>	<u>588,936</u>	<u>624,980</u>
At 31 March 2022	<u>55,077</u>	<u>535,295</u>	<u>590,372</u>

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### 13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Right of use assets £	Total £
<b>Cost or valuation</b>				
At 1 April 2022	1,994,782	1,939,228	1,940,702	5,874,712
Additions	-	55,214	874,600	929,814
Disposals	-	(45,369)	(54,141)	(99,510)
At 31 March 2023	<u>1,994,782</u>	<u>1,949,073</u>	<u>2,761,161</u>	<u>6,705,016</u>
<b>Depreciation</b>				
At 1 April 2022	820,957	1,795,597	186,360	2,802,914
Charge for the year	63,854	54,646	161,086	279,586
Eliminated on disposal	-	(28,317)	(47,687)	(76,004)
At 31 March 2023	<u>884,811</u>	<u>1,821,926</u>	<u>299,759</u>	<u>3,006,496</u>
<b>Carrying amount</b>				
At 31 March 2023	<u>1,109,971</u>	<u>127,147</u>	<u>2,461,402</u>	<u>3,698,520</u>
At 31 March 2022	<u>1,173,825</u>	<u>143,631</u>	<u>1,754,342</u>	<u>3,071,798</u>

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 £2,176,869 (2022: £1,443,375) and the balance relating to motor vehicles and other assets.

### 14 Stock

	31 March 2023 £	31 March 2022 £
Finished goods and goods for resale	<u>9,585,531</u>	<u>7,597,992</u>

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### 15 Trade and other debtors

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£</b>	<b>£</b>
<b>Trade and other debtors falling due within one year</b>		
Trade debtors	2,645,272	2,974,063
Amounts due to group undertakings	126,850	113,129
Prepayments and accrued income	323,621	728,241
Other debtors	40,265	23,067
	<u>3,136,008</u>	<u>3,838,500</u>

### 16 Cash at bank and in hand

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£</b>	<b>£</b>
Cash at bank	<u>1,254,315</u>	<u>4,320,060</u>

### 17 Creditors: amounts falling due within one year

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,463,578	1,788,885
Social security and other taxes	325,599	274,563
Income tax liability	30,039	64,776
Current portion of long term lease liabilities	96,381	94,041
Other creditors and accruals	616,928	1,295,231
	<u>2,532,525</u>	<u>3,517,496</u>

### 18 Creditors: amounts falling due after more than one year

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£</b>	<b>£</b>
Net obligations under leasing obligations	2,291,793	1,726,076
Other creditors	-	149,236
	<u>2,291,793</u>	<u>1,875,312</u>

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### 19 Leases

#### Leases included in creditors

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£</b>	<b>£</b>
Current portion of long term lease liabilities	<u>96,381</u>	<u>94,041</u>

#### Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£</b>	<b>£</b>
Greater than 5 years	<u>2,064,048</u>	<u>1,518,524</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 13 discloses the net book value of right of use assets to which these lease agreements relate. In addition to the above amount £227,745 (£207,552) is due between 2 and 5 years.

# Horwood Homewares Limited

## Notes to the Financial Statements

Year Ended 31 March 2023

### 20 Share capital

#### Allotted, called up and fully paid shares

	No.	31 March 2023 £	No.	31 March 2022 £
Ordinary shares of £1 each	<u>1,028,335</u>	<u>1,028,335</u>	<u>1,028,335</u>	<u>1,028,335</u>

### 21 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £120,262 (2022 - £181,322).

Contributions totalling £(18,589) (2022 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

### 22 Commitments

#### Other financial commitments

The company bankers hold a fixed and floating charges over all assets of Horwood Homewares Limited, including a negative pledge.

This charge specifically includes security over the office and warehouse premises at Severn House, Avonmouth Way, Bristol.

There is a HMRC bond of £200,000 on one of the company bank accounts.

### 23 Parent and ultimate parent undertaking

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

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

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