

Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 30th June 2016
for
Knightsbridge Furniture Productions
Limited

WEDNESDAY



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**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

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for the Year Ended 30th June 2016**

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Knightsbridge Furniture Productions
Limited

Company Information
for the Year Ended 30th June 2016

DIRECTORS:

A Towns
P Denham

REGISTERED OFFICE:

191 Thornton Road
Bradford
West Yorkshire
BD1 2JT

REGISTERED NUMBER:

00597265 (England and Wales)

AUDITORS:

Connelly & Co Limited
Chartered Accountants and
Statutory Auditors
Permanent House
1 Dundas Street
Huddersfield
West Yorkshire
HD1 2EX

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Strategic Report
for the Year Ended 30th June 2016

The directors present their strategic report for the year ended 30th June 2016.

REVIEW OF BUSINESS

The Company has been through an exciting period of change and growth over the last 12 months. Following a management buyout in 2015, the Company has retained its strong heritage of designing and manufacturing high quality furniture, while creating a new outlook and direction for its future.

This has included a fresh, new look with a complete re-brand that demonstrates that the Company's forward-thinking and design-led nature, as well as collaborating with some of the industry's most respected and talented designers, to launch a new designer collection ideal for the workplace and hospitality environments.

Knightsbridge has been designing and manufacturing British furniture from its site in Yorkshire for nearly 80 years. From timber mill to the customer's doorstep, the Company takes enormous pride in facilitating the entire production and delivery of its products.

The Company's turnover has increased by over 14% on the prior year which the Company attributes to the re-branding, the design led approach to furniture and the quality of manufactured products.

The directors consider their key performance indicators to be the following:

	2016	2015
Turnover	£10,485,931	£9,148,840
Gross margin percentage	38.54%	40.99%
Bank deposits	£674,942	£386,389

The directors are encouraged by increased turnover. Gross margins are in line with expectations and have changed slightly year on year due to product mix. Cash is also in line with business expectations and Directors and staff are optimistic due to positive customer feedback, enhanced product offerings and reassuring forward order books.

The business is committed to its customers, quality, innovation, profit and the wellbeing of its employees. By investing in and nurturing these values the company is supporting its current strategic plan and future growth. The business also continues to invest in young and future talent in its apprenticeship scheme and partnerships with local schools and colleges.

The Company operates in highly competitive markets, providing product innovation and high quality goods, which maintains customer satisfaction. Our aim through this is to maintain and improve our market share.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates in varied markets and manages the risks inherent in its activities. The Company mitigates exposure to all forms of risk and where practical transfers the risk to insurers.

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Strategic Report
for the Year Ended 30th June 2016

EXTERNAL RISKS

Competitors

The Company operates in highly competitive markets, providing product innovation and high quality goods, which maintain customer satisfaction. Our aim through this is to maintain and improve our market share.

Foreign Exchange

The Company's main export markets are within the EEC and are invoiced in Sterling or in Euros. With regards to the Euro, the Company has a Euro account which it uses to pay its suppliers and thus mitigate transaction risks by dealing in the same currency. (Sourcing components in the same currency as the sale.) There remains some transaction risk as items sourced from the Far East are invoiced and paid for in United States Dollars.

Raw Material Prices

The Company's products contain raw materials such as timber and oil based products e.g. foams, that are subject to world supply and demand and our purchasing policies aim to keep the Company's exposure to a minimum by forward ordering and long term contracts wherever possible.

Credit

The Company is exposed to credit risk in relation to its customers. Credit control procedures take into account the identified risks relating to customers, which includes credit insurance. The Company insures these business risks with insurers of good standing.

Liquidity

The liquidity risk is managed by maintaining a positive bank balance to ensure sufficient funds are available to meet amounts due.

INTERNAL RISKS

Product Failure

The reliability and fit for purpose of the Company's products is vital to the success and good name of the business which has been built up over almost 80 years of trading. Product failure would have a detrimental affect on the business. To mitigate this, the Company had accredited quality control systems and a committed workforce determined to maintain quality and reliability.

Employees

The Company employs 120 people. The Company's policy is to provide equal opportunities for employment. In employment related decisions the Company complies with anti-discrimination requirements in the relevant jurisdictions concerning matters of race, colour, national origin, marital status, sexual orientation, religious belief, age or physical or mental disability. Disabled people are given full consideration for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

The Company invests in employees' skills and capabilities to help them reach their own full potential, which in turn benefits the Company as well as the individual employee.

The company has low staff turnover and a high proportion of its employees have significant length of service.

ON BEHALF OF THE BOARD:



A Towns - Director

26th January 2017

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Report of the Directors
for the Year Ended 30th June 2016**

The directors present their report with the financial statements of the company for the year ended 30th June 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacturer and supplier of high quality furniture specifically designed for the healthcare, hotel and leisure markets at home and overseas.

DIVIDENDS

Dividends paid on the ordinary £1 shares for the year amounted to £169,498.

The directors do not recommend any further dividend for the year ended 30 June 2016.

RESEARCH AND DEVELOPMENT

The company continues to invest in extensive research and development to allow them to specifically meet the needs of each market sector they serve.

FUTURE DEVELOPMENTS

The directors anticipate a period ahead in which the company will see a continued increase in profitability and growth in turnover. This will be achieved by their enhanced product offerings and their reassuring forward order books.

DIRECTORS

The directors during the year under review were:

A Towns
P Denham

The directors holding office at 30th June 2016 did not hold any beneficial interest in the issued share capital of the company at 1st July 2015 or 30th June 2016.

DISCLOSURE IN THE STRATEGIC REPORT

In accordance with Section 414C(11), Companies Act 2006, the following information required to be contained in this report is set out in the company's Strategic Report on page 2 and 3: business review, financial risks and uncertainties.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Report of the Directors
for the Year Ended 30th June 2016**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Connelly & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



A Towns - Director

26th January 2017

Report of the Independent Auditors to the Members of
Knightsbridge Furniture Productions
Limited

We have audited the financial statements of Knightsbridge Furniture Productions Limited for the year ended 30th June 2016 on pages seven to twenty five. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 Auditing Practices Board's (APB'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 FRC'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 30th June 2016 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.

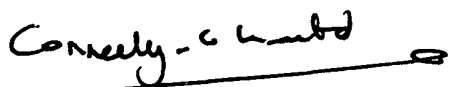
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Mr A J McCarthy (Senior Statutory Auditor)
for and on behalf of Connelly & Co Limited
Chartered Accountants and
Statutory Auditors

Permanent House
1 Dundas Street
Huddersfield
West Yorkshire
HD1 2EX

26th January 2017

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Income Statement
for the Year Ended 30th June 2016

	Notes	30.6.16 £	£	30.6.15 £	£
TURNOVER	3		10,485,931		9,148,840
Cost of sales			6,444,448		5,398,871
GROSS PROFIT			4,041,483		3,749,969
Distribution costs		1,153,542		900,668	
Administrative expenses		2,607,060		2,517,498	
			3,760,602		3,418,166
			280,881		331,803
Other operating income			23,617		16,517
OPERATING PROFIT	6		304,498		348,320
Interest receivable and similar income			576		1,516
			305,074		349,836
Interest payable and similar charges	7		73,648		79,812
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			231,426		270,024
Tax on profit on ordinary activities	8		-		17,182
PROFIT FOR THE FINANCIAL YEAR			231,426		252,842

The notes form part of these financial statements

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Other Comprehensive Income
for the Year Ended 30th June 2016**

	30.6.16 £	30.6.15 £
Notes		
PROFIT FOR THE YEAR	231,426	252,842
OTHER COMPREHENSIVE INCOME		
Remeasurement of defined benefit obligations	(261,000)	(320,000)
Return/(losses) on plan assets	(2,000)	36,000
Movement on deferred tax relating to pension liability	45,400	49,400
Income tax relating to components of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>(217,600)</u>	<u>(234,600)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	13,826	18,242
Prior year adjustment	20,000	46,000
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT	<u><u>33,826</u></u>	<u><u>64,242</u></u>

The notes form part of these financial statements

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Balance Sheet
30th June 2016

	Notes	30.6.16 £	£	30.6.15 £	£
FIXED ASSETS					
Tangible assets	11		140,112		181,305
CURRENT ASSETS					
Stocks	12	1,253,974		1,294,510	
Debtors	13	1,468,469		1,756,221	
Cash at bank		674,942		386,389	
		<u>3,397,385</u>		<u>3,437,120</u>	
CREDITORS					
Amounts falling due within one year	14	<u>1,075,701</u>		<u>1,109,088</u>	
NET CURRENT ASSETS			<u>2,321,684</u>		<u>2,328,032</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,461,796</u>		<u>2,509,337</u>
CREDITORS					
Amounts falling due after more than one year	15		(14,702)		(88,171)
PENSION LIABILITY	20		<u>(1,619,200)</u>		<u>(1,437,600)</u>
NET ASSETS			<u><u>827,894</u></u>		<u><u>983,566</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		385,520		385,520
Retained earnings	19		<u>442,374</u>		<u>598,046</u>
SHAREHOLDERS' FUNDS			<u><u>827,894</u></u>		<u><u>983,566</u></u>

The financial statements were approved by the Board of Directors on 26th January 2017 and were signed on its behalf by:



A Towns - Director

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Statement of Changes in Equity
for the Year Ended 30th June 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st July 2014	135,520	533,804	669,324
Prior year adjustment	-	46,000	46,000
As restated	135,520	579,804	715,324
Changes in equity			
Issue of share capital	250,000	-	250,000
Total comprehensive income	-	(1,758)	(1,758)
Balance at 30th June 2015	385,520	578,046	963,566
Prior year adjustment	-	20,000	20,000
As restated	385,520	598,046	983,566
Changes in equity			
Dividends	-	(169,498)	(169,498)
Total comprehensive income	-	13,826	13,826
Balance at 30th June 2016	385,520	442,374	827,894

The notes form part of these financial statements

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements
for the Year Ended 30th June 2016**

1. COMPANY INFORMATION

Knightsbridge Furniture Production Limited is a company limited by shares and incorporated and domiciled in England and Wales. The company's registered number is 00597265 and the registered office of the company is 191 Thornton Road, Bradford, BD1 2JT. The presentation currency of these financial statements is pounds sterling.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

In the transition to FRS 102 from UK GAAP, the company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the company is provided in the Reconciliation of Equity and Profits.

The transition date to FRS 102 was the 1 July 2014.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown after trade discounts, other sales taxes and net of value added tax. Turnover is recognised on the delivery of goods to the customer.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- 20% Straight Line Basis
Plant and machinery	- 16.67% Straight Line Basis and 10% Straight Line Basis
Motor vehicles	- 25% Straight Line Basis and 16.67% Straight Line Basis

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation net of depreciation and any impairment losses.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

2. ACCOUNTING POLICIES - continued

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined benefit pension scheme for employees. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The scheme is now closed to new members. The assets of the scheme are held separately from those of the company.

The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Pension scheme assets are valued at market value at the balance sheet date. The pension scheme deficit is recognised in full on the balance sheet.

Defined contribution scheme

The company operates a defined contribution scheme for eligible employees. The assets are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Going concern

The financial statements have been prepared on a going concern basis. Having carried out a detailed review of the company's resources and the challenges presented by the current economic climate, the directors are satisfied that the company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Impairment

The carrying amounts of the company's assets other than inventories are reviewed by management at the end of each financial year to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

In the Directors opinion a geographical analysis of turnover would prejudice the company's interests.

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

4. STAFF COSTS

	30.6.16	30.6.15
	£	£
Wages and salaries	3,258,956	2,986,926
Social security costs	332,068	306,850
Other pension costs	71,115	69,768
	<u>3,662,139</u>	<u>3,363,544</u>

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

	30.6.16	30.6.15
Production staff	78	73
Management and administration staff	42	47
	<u>120</u>	<u>120</u>

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 7) and amounts recognised in the statement of recognised gains and losses.

5. DIRECTORS' EMOLUMENTS

	30.6.16	30.6.15
	£	£
Directors' remuneration	157,879	210,465
Directors' pension contributions to money purchase schemes	13,056	10,250
	<u>170,935</u>	<u>220,715</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2	2
Money purchase schemes	<u>2</u>	<u>2</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	30.6.16	30.6.15
	£	£
Leased vehicle costs	134,712	106,653
Depreciation - owned assets	29,328	52,373
Depreciation - assets on hire purchase contracts	2,528	13,113
Auditors' remuneration	25,000	26,000
Auditors' remuneration for non audit work	19,445	24,105
Foreign exchange differences	860	-
	<u>211,873</u>	<u>222,244</u>

Included in auditors' remuneration is £5,000 (2015 - £4,500) receivable in respect of the audit of the company's associated pension scheme.

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Notes to the Financial Statements - continued
for the Year Ended 30th June 2016

7. INTEREST PAYABLE AND SIMILAR CHARGES

	30.6.16	30.6.15
	£	£
Interest on other loans	5,720	11,114
Net finance costs in respect of defined benefit pension schemes	64,000	63,000
Hire purchase interest	3,928	5,698
	<u>73,648</u>	<u>79,812</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	30.6.16	30.6.15
	£	£
Current tax:		
UK corporation tax	-	303
Adjustments for prior years	-	16,879
	<u>-</u>	<u>17,182</u>
Tax on profit on ordinary activities	<u>-</u>	<u>17,182</u>

UK corporation tax has been charged at 20% (2015 - 20%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.16	30.6.15
	£	£
Profit on ordinary activities before tax	<u>231,426</u>	<u>270,024</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	46,285	54,005
Effects of:		
Expenses not deductible for tax purposes	1,630	1,780
Capital allowances in excess of depreciation	(596)	-
Depreciation in excess of capital allowances	-	6,747
Utilisation of tax losses	(40,404)	(54,829)
Adjustments to tax charge in respect of previous periods	-	20,879
Pension contributions adjustment	(7,200)	(11,400)
Non trading charges unavailable to carry forward	285	-
	<u>-</u>	<u>17,182</u>
Total tax charge	<u>-</u>	<u>17,182</u>

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

8. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	30.6.16	
	Gross £	Tax £
		Net £
Remeasurement of defined benefit obligations	(261,000)	-
Return/(losses) on plan assets	(2,000)	-
Movement on deferred tax relating to pension liability	45,400	-
	<u>(217,600)</u>	<u>(217,600)</u>
	30.6.15	
	Gross £	Tax £
		Net £
Remeasurement of defined benefit obligations	(320,000)	-
Return/(losses) on plan assets	36,000	-
Movement on deferred tax relating to pension liability	49,400	-
	<u>(234,600)</u>	<u>(234,600)</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reduction to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016 which will reduce the company's future tax charge and reduce the deferred asset. The deferred tax asset at 30 June 2016 has been calculated based on these rates and discounted further due to the future reduction in the tax rate and due to uncertainty surrounding the length of time it will take for the asset to be recovered.

9. DIVIDENDS

	30.6.16	30.6.15
	£	£
Ordinary shares of £1 each		
Interim	<u>169,498</u>	<u>-</u>

10. PRIOR YEAR ADJUSTMENT

The 2016 prior year adjustment relates to employee benefit obligations. The prior year figures have been amended to reflect the changes due to the first year adoption of FRS 102.

The 2015 prior year adjustment is due to work in progress being undervalued by reason of overheads not being included.

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Notes to the Financial Statements - continued
for the Year Ended 30th June 2016

11. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1st July 2015	50,691	2,623,771	322,261	2,996,723
Additions	-	19,210	-	19,210
Disposals	-	-	(40,433)	(40,433)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2016	50,691	2,642,981	281,828	2,975,500
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1st July 2015	16,612	2,501,037	297,769	2,815,418
Charge for year	10,138	25,773	(4,055)	31,856
Eliminated on disposal	-	-	(11,886)	(11,886)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2016	26,750	2,526,810	281,828	2,835,388
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 30th June 2016	23,941	116,171	-	140,112
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2015	34,079	122,734	24,492	181,305
	<hr/>	<hr/>	<hr/>	<hr/>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1st July 2015	37,661	37,388	75,049
Disposals	-	(37,388)	(37,388)
	<hr/>	<hr/>	<hr/>
At 30th June 2016	37,661	-	37,661
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1st July 2015	5,439	14,800	20,239
Charge for year	4,016	(1,488)	2,528
Eliminated on disposal	-	(13,312)	(13,312)
	<hr/>	<hr/>	<hr/>
At 30th June 2016	9,455	-	9,455
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 30th June 2016	28,206	-	28,206
	<hr/>	<hr/>	<hr/>
At 30th June 2015	32,222	22,588	54,810
	<hr/>	<hr/>	<hr/>

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

12. STOCKS

	30.6.16	30.6.15
	£	£
Raw materials	743,486	667,232
Work-in-progress	321,869	333,662
Finished goods	188,619	293,616
	<u>1,253,974</u>	<u>1,294,510</u>

There is no material difference between replacement cost and the valuation of finished goods. Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £4,091,876 (2015 - £3,446,769).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.16	30.6.15
	£	£
Trade debtors	1,159,382	1,384,787
Other debtors	2,500	2,500
Corporation tax repayable	-	20,135
Deferred tax asset		
Tax losses	100,000	100,000
Prepayments and accrued income	206,587	248,799
	<u>1,468,469</u>	<u>1,756,221</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.16	30.6.15
	£	£
Hire purchase contracts (see note 16)	8,402	15,318
Trade creditors	603,735	527,066
Amounts owed to group undertakings	3,789	-
Corporation tax	5,768	5,363
Social security and other taxes	205,422	294,689
Other creditors	43,986	45,833
Accruals and deferred income	204,599	220,819
	<u>1,075,701</u>	<u>1,109,088</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.6.16	30.6.15
	£	£
Hire purchase contracts (see note 16)	14,702	44,185
Other creditors	-	43,986
	<u>14,702</u>	<u>88,171</u>

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	30.6.16	30.6.15
	£	£
Net obligations repayable:		
Within one year	8,402	15,318
Between one and five years	14,702	44,185
	<u>23,104</u>	<u>59,503</u>
	Non-cancellable operating leases	
	30.6.16	30.6.15
	£	£
Within one year	227,529	135,924
Between one and five years	342,537	191,096
	<u>570,066</u>	<u>327,020</u>

In the previous year the company entered into a 10 year property lease with the first 5 years being rent free then subsequently at a reasonable market value.

17. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.16	30.6.15
	£	£
Hire purchase contracts	23,104	59,503
Other creditors	43,986	89,819
	<u>67,090</u>	<u>149,322</u>

Other creditors relates to a loan secured by a fixed and floating charge over the whole undertaking and all property and assets of the company. The loan was repaid in full after the year end and the legal charge was satisfied on 19 December 2016.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.16	30.6.15
			£	£
385,520	Ordinary	£1	<u>385,520</u>	<u>385,520</u>

The ordinary shares are non-redeemable and have equal voting, dividend and capital rights.

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

19. RESERVES

	Retained earnings £
At 1st July 2015	578,046
Prior year adjustment	20,000
	<hr/>
Profit for the year	598,046
Dividends	231,426
Actuarial gain/(loss) in respect of defined benefit pension scheme	(169,498)
Deferred tax relating to defined benefit pension scheme	(263,000)
	<hr/>
At 30th June 2016	45,400
	<hr/>
	<hr/>
	442,374
	<hr/>

20. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefits pension scheme

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected accrued benefits method. The last formal valuation was 1 July 2013. The next formal actuarial valuation will have an effective date of the 1 July 2016. FRS 102 allows the results of the formal actuarial valuation to be the basis for an annual estimate of scheme liabilities provided by the actuary and as such, the formal valuation has been updated to 30 June 2016 for the purpose of preparing these accounts.

The major assumptions used by the actuary are listed below.

The company expects to contribute £107,000 to its defined benefit pension scheme in the year ended 30 June 2017.

The expected return on assets is obtained by considering the expected return on risk-free investments, the historic level of risk premium associated with other asset classes and the expectation for future returns of each asset class. The expected return for each asset class was then weighted based on the underlying distribution of assets within the policy.

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	30.6.16	30.6.15
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	64,000	63,000
Past service cost	-	-
	<u>64,000</u>	<u>63,000</u>
Actual return on plan assets	<u>50,000</u>	<u>120,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	30.6.16	30.6.15
	£	£
Opening defined benefit obligation	3,907,000	3,571,000
Interest cost	116,000	147,000
Actuarial losses/(gains)	261,000	320,000
Benefits paid	(820,000)	(131,000)
	<u>3,464,000</u>	<u>3,907,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	30.6.16	30.6.15
	£	£
Opening fair value of scheme assets	2,110,000	2,021,000
Contributions by employer	100,000	100,000
Expected return	52,000	84,000
Actuarial gains/(losses)	(2,000)	36,000
Benefits paid	(820,000)	(131,000)
	<u>1,440,000</u>	<u>2,110,000</u>

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2016**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	30.6.16	30.6.15
	£	£
Actual return less expected return on pension scheme assets	(2,000)	36,000
Experience gains and losses arising on scheme liabilities	(261,000)	(320,000)
	<u>(263,000)</u>	<u>(284,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	30.6.16	30.6.15
Equities	75%	53%
Bonds	-	24%
Property	4%	8%
Gilts	14%	10%
Cash	7%	5%
	<u>100%</u>	<u>100%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	30.6.16	30.6.15
Discount rate	2.70%	3.70%
Rate of increase in pensions in payment	2.80%	3.40%
Consumer price inflation	1.90%	2.30%

Defined contribution scheme

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £71,115 (2015 £69,768).

21. ULTIMATE PARENT COMPANY & CONTROLLING PARTY

The company's ultimate parent company is Townham Limited, which is controlled by A J Towns who is a director of the company.

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The directors, being key management of the company, received total remuneration and pension contributions to the value of £170,935 during the year (2015 - £220,715).

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Reconciliation of Equity
1st July 2014
(Date of Transition to FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		238,985	-	238,985
CURRENT ASSETS				
Stocks		1,041,975	-	1,041,975
Debtors		1,424,143	-	1,424,143
Prepayments and accrued income		502,197	-	502,197
Cash at bank		260,879	-	260,879
		3,229,194	-	3,229,194
CREDITORS				
Amounts falling due within one year		(1,453,485)	-	(1,453,485)
NET CURRENT ASSETS		1,775,709	-	1,775,709
TOTAL ASSETS LESS CURRENT LIABILITIES		2,014,694	-	2,014,694
CREDITORS				
Amounts falling due after more than one year		(59,370)	-	(59,370)
PENSION LIABILITY		(1,240,000)	-	(1,240,000)
NET ASSETS		715,324	-	715,324
CAPITAL AND RESERVES				
Called up share capital		135,520	-	135,520
Retained earnings		579,804	-	579,804
SHAREHOLDERS' FUNDS		715,324	-	715,324

The notes form part of these financial statements

**Knightsbridge Furniture Productions
Limited (Registered number: 00597265)**

**Reconciliation of Equity - continued
30th June 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		181,305	-	181,305
CURRENT ASSETS				
Stocks		1,294,510	-	1,294,510
Debtors		1,756,221	-	1,756,221
Cash at bank		386,389	-	386,389
		3,437,120	-	3,437,120
CREDITORS				
Amounts falling due within one year		(1,109,088)	-	(1,109,088)
NET CURRENT ASSETS		2,328,032	-	2,328,032
TOTAL ASSETS LESS CURRENT LIABILITIES		2,509,337	-	2,509,337
CREDITORS				
Amounts falling due after more than one year		(88,171)	-	(88,171)
PENSION LIABILITY		(1,437,600)	-	(1,437,600)
NET ASSETS		983,566	-	983,566
CAPITAL AND RESERVES				
Called up share capital		385,520	-	385,520
Retained earnings		598,046	-	598,046
SHAREHOLDERS' FUNDS		983,566	-	983,566

The notes form part of these financial statements

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Reconciliation of Profit
for the Year Ended 30th June 2015

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	9,148,840	-	9,148,840
Cost of sales	(5,398,871)	-	(5,398,871)
GROSS PROFIT	3,749,969	-	3,749,969
Distribution costs	(900,668)	-	(900,668)
Administrative expenses	(2,517,498)	-	(2,517,498)
Other operating income	16,517	-	16,517
OPERATING PROFIT	348,320	-	348,320
Interest receivable and similar income	1,516	-	1,516
Interest payable and similar charges	(59,812)	(20,000)	(79,812)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	290,024	(20,000)	270,024
Tax on profit on ordinary activities	(17,182)	-	(17,182)
PROFIT FOR THE FINANCIAL YEAR	272,842	(20,000)	252,842

The notes form part of these financial statements