

Strategic Report, Report of the Directors and

Audited Medium Financial Statements

for the Year Ended 30 June 2017

for

Knightsbridge Furniture Productions
Limited

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

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for the Year Ended 30 June 2017**

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Knightsbridge Furniture Productions
Limited

Company Information
for the Year Ended 30 June 2017

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 30 June 2017

The directors present their strategic report for the year ended 30 June 2017.

REVIEW OF BUSINESS

The company continues to develop its business in its existing and new markets. The directors have continued to build on the strong heritage of the company and the high quality of its products by adding modern and innovative design. This has been recognised with several awards being given to the company during the year.

Knightsbridge is committed to design and manufacture in the United Kingdom, building on the strong heritage and experience in delivering a well made and long lasting product which satisfies the requirements of its customers whilst creating a modern look.

Turnover and profitability has increased during the year which the directors believe is due to the recent moves to update its product range and the investment in design and innovation. Export sales have also seen an increase on the prior year.

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

	2017	2016
Turnover	£11,096,605	£10,485,931
Gross margin percentage	39.56%	38.54%
Bank deposits	£712,311	£674,942

The directors are confident that turnover can be maintained for the ensuing year and expect gross margins to remain consistent. The company has traded with a positive cash balance throughout the year due to the diligent cash management by the directors and finance team.

Forward order books continue to indicate that the demand for the company's products is strong and the continued investment in products design justified.

The directors have made key appointments to staff since the year end which should assist in the growth of the business despite the additional overhead. The company continues to invest in apprenticeships and partnerships with local schools to ensure that the company has the continued skill set to manufacture within the United Kingdom.

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.

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 it to maintain and improve our market share.

Foreign Exchange

The Company's main export markets are within the European Union 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.

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

**Strategic Report
for the Year Ended 30 June 2017**

EXTERNAL RISKS - continued

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 125 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

18 December 2017

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

**Report of the Directors
for the Year Ended 30 June 2017**

The directors present their report with the financial statements of the company for the year ended 30 June 2017.

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 £277,700.

The directors do not recommend any further dividend for the year ended 30 June 2017.

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 30 June 2017 did not hold any beneficial interest in the issued share capital of the company at 1 July 2016 or 30 June 2017.

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 30 June 2017**

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

18 December 2017

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

Opinion

We have audited the financial statements of Knightsbridge Furniture Productions Limited (the 'company') for the year ended 30 June 2017 on pages eight to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

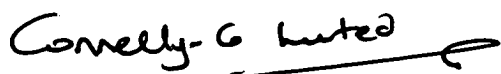
As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to 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.

Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



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

18 December 2017

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

**Income Statement
for the Year Ended 30 June 2017**

	Notes	30.6.17 £	30.6.16 £
TURNOVER	3	11,096,605	10,485,931
Cost of sales		<u>(6,707,305)</u>	<u>(6,444,448)</u>
GROSS PROFIT		4,389,300	4,041,483
Distribution costs		(1,255,062)	(1,153,542)
Administrative expenses		<u>(2,608,832)</u>	<u>(2,607,060)</u>
		525,406	280,881
Other operating income		<u>38,899</u>	<u>23,617</u>
OPERATING PROFIT	6	564,305	304,498
Interest receivable and similar income		<u>37</u>	<u>576</u>
		564,342	305,074
Interest payable and similar expenses	7	<u>(56,575)</u>	<u>(73,648)</u>
PROFIT BEFORE TAXATION		507,767	231,426
Tax on profit	8	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>507,767</u></u>	<u><u>231,426</u></u>

All results in the year have been generated from continuing operations

The notes form part of these financial statements

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

**Other Comprehensive Income
for the Year Ended 30 June 2017**

Notes	30.6.17 £	30.6.16 £
PROFIT FOR THE YEAR	507,767	231,426
OTHER COMPREHENSIVE INCOME		
Remeasurement of defined benefit obligations	(28,000)	(261,000)
Return/(losses) on plan assets	193,000	(2,000)
Income tax relating to components of other comprehensive income	<u>(62,230)</u>	<u>45,400</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>102,770</u>	<u>(217,600)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>610,537</u>	
Prior year adjustment		<u>20,000</u>
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u>33,826</u>

The notes form part of these financial statements

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Balance Sheet
30 June 2017

	Notes	30.6.17 £	30.6.16 £
FIXED ASSETS			
Tangible assets	11	120,495	140,112
CURRENT ASSETS			
Stocks	12	1,280,789	1,253,974
Debtors	13	1,467,334	1,468,469
Cash at bank		<u>712,311</u>	<u>674,942</u>
		3,460,434	3,397,385
CREDITORS			
Amounts falling due within one year	14	<u>(954,268)</u>	<u>(1,075,701)</u>
NET CURRENT ASSETS		<u>2,506,166</u>	<u>2,321,684</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,626,661	2,461,796
CREDITORS			
Amounts falling due after more than one year	15	(5,500)	(14,702)
PENSION LIABILITY	20	<u>(1,460,430)</u>	<u>(1,619,200)</u>
NET ASSETS		<u><u>1,160,731</u></u>	<u><u>827,894</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	385,520	385,520
Retained earnings	19	<u>775,211</u>	<u>442,374</u>
SHAREHOLDERS' FUNDS		<u><u>1,160,731</u></u>	<u><u>827,894</u></u>

The company satisfies the criteria to be recognised as a medium sized company under the Companies Act 2006.

The financial statements were approved by the Board of Directors on 18 December 2017 and were signed on its behalf by:



A Towns - Director

The notes form part of these financial statements

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

**Statement of Changes in Equity
for the Year Ended 30 June 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2015	385,520	578,046	963,566
Prior year adjustment	<u>-</u>	<u>20,000</u>	<u>20,000</u>
As restated	<u>385,520</u>	<u>598,046</u>	<u>983,566</u>
Changes in equity			
Dividends	-	(169,498)	(169,498)
Total comprehensive income	<u>-</u>	<u>13,826</u>	<u>13,826</u>
Balance at 30 June 2016	<u>385,520</u>	<u>442,374</u>	<u>827,894</u>
Changes in equity			
Dividends	-	(277,700)	(277,700)
Total comprehensive income	<u>-</u>	<u>610,537</u>	<u>610,537</u>
Balance at 30 June 2017	<u><u>385,520</u></u>	<u><u>775,211</u></u>	<u><u>1,160,731</u></u>

The notes form part of these financial statements

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

**Notes to the Financial Statements
for the Year Ended 30 June 2017**

1. STATUTORY INFORMATION

Knightsbridge Furniture Productions Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound 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" as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company's parent undertaking is Townham Limited. These financial statements are prepared in accordance with FRS 102 and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the useful lives of fixed assets, the carrying value of stocks, the recoverability of debts and the defined benefit pension liability.

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.

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

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

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.

Financial instruments

Basic financial instruments

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate.

Cash and cash equivalents comprise cash balances and call deposits.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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.

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

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

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.

Pension costs defined benefit scheme

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.

Pension costs defined contribution scheme

The company operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

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.

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

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. TURNOVER

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

An analysis of turnover by class of business is given below:

	30.6.17 £	30.6.16 £
Sale of goods	<u>11,096,605</u>	<u>10,485,931</u>
	<u><u>11,096,605</u></u>	<u><u>10,485,931</u></u>

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

4. EMPLOYEES AND DIRECTORS

	30.6.17 £	30.6.16 £
Wages and salaries	3,179,878	3,258,956
Social security costs	307,638	332,068
Other pension costs	<u>85,987</u>	<u>71,115</u>
	<u><u>3,573,503</u></u>	<u><u>3,662,139</u></u>

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

	30.6.17	30.6.16
Production staff	79	78
Management and administration staff	44	40
Directors	<u>2</u>	<u>2</u>
	<u><u>125</u></u>	<u><u>120</u></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.

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

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

5. DIRECTORS' EMOLUMENTS

	30.6.17	30.6.16
	£	£
Directors' remuneration	17,711	157,879
Directors' pension contributions to money purchase schemes	<u>22,000</u>	<u>13,056</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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6. OPERATING PROFIT

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

	30.6.17	30.6.16
	£	£
Leased vehicle costs	193,754	134,712
Depreciation - owned assets	16,341	29,328
Depreciation - assets on hire purchase contracts	4,016	2,528
Auditors' remuneration	25,000	25,000
Auditors' remuneration for non audit work	12,790	19,445
Foreign exchange differences	<u>(31,156)</u>	<u>860</u>

Included in auditors' remuneration is £5,250 (2016 - £5,000) in respect of the audit of the company's associated pension scheme.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.6.17	30.6.16
	£	£
Interest on other loans	1,809	5,720
Net finance costs in respect of defined benefit pension schemes	53,000	64,000
Hire purchase interest	<u>1,766</u>	<u>3,928</u>
	<u>56,575</u>	<u>73,648</u>

8. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 30 June 2017 nor for the year ended 30 June 2016.

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

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

8. TAXATION - continued

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:

	30.6.17 £	30.6.16 £
Profit before tax	<u>507,767</u>	<u>231,426</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.750% (2016 - 20%)	100,284	46,285
Effects of:		
Expenses not deductible for tax purposes	2,916	1,630
Capital allowances in excess of depreciation	(1,785)	(596)
Utilisation of tax losses	(90,539)	(40,404)
Pension contributions adjustment	(11,060)	(7,200)
Non trading charges unavailable to carry forward	<u>184</u>	<u>285</u>
Total tax charge	<u>-</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

	Gross £	30.6.17 Tax £	Net £
Remeasurement of defined benefit obligations	(28,000)	10,560	(17,440)
Return/(losses) on plan assets	<u>193,000</u>	<u>(72,790)</u>	<u>120,210</u>
	<u>165,000</u>	<u>(62,230)</u>	<u>102,770</u>

	Gross £	30.6.16 Tax £	Net £
Remeasurement of defined benefit obligations	(261,000)	45,055	(215,945)
Return/(losses) on plan assets	<u>(2,000)</u>	<u>345</u>	<u>(1,655)</u>
	<u>(263,000)</u>	<u>45,400</u>	<u>(217,600)</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) were substantively enacted on 26 October 2015. Further reduction to 17% (effective from 1 April 2020) were substantively enacted on 15 September 2016.

9. DIVIDENDS

	30.6.17 £	30.6.16 £
Ordinary shares of £1 each		
Interim	<u>277,700</u>	<u>169,498</u>

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

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

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.

11. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1 July 2016	50,691	2,642,981	281,828	2,975,500
Additions	-	19,350	-	19,350
Disposals	-	-	(59,019)	(59,019)
At 30 June 2017	<u>50,691</u>	<u>2,662,331</u>	<u>222,809</u>	<u>2,935,831</u>
DEPRECIATION				
At 1 July 2016	26,750	2,526,810	281,828	2,835,388
Charge for year	10,138	28,829	(18,610)	20,357
Eliminated on disposal	-	-	(40,409)	(40,409)
At 30 June 2017	<u>36,888</u>	<u>2,555,639</u>	<u>222,809</u>	<u>2,815,336</u>
NET BOOK VALUE				
At 30 June 2017	<u>13,803</u>	<u>106,692</u>	<u>-</u>	<u>120,495</u>
At 30 June 2016	<u>23,941</u>	<u>116,171</u>	<u>-</u>	<u>140,112</u>

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

	Plant and machinery £
COST	
At 1 July 2016 and 30 June 2017	<u>37,661</u>
DEPRECIATION	
At 1 July 2016	9,455
Charge for year	<u>4,016</u>
At 30 June 2017	<u>13,471</u>
NET BOOK VALUE	
At 30 June 2017	<u>24,190</u>
At 30 June 2016	<u>28,206</u>

**Knightsbridge Furniture Productions
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**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

12. STOCKS

	30.6.17	30.6.16
	£	£
Raw materials	691,722	743,486
Work-in-progress	353,658	321,869
Finished goods	<u>235,409</u>	<u>188,619</u>
	<u><u>1,280,789</u></u>	<u><u>1,253,974</u></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 £4,242,949 (2016 - £4,091,876).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.17	30.6.16
	£	£
Trade debtors	1,128,965	1,159,382
Amounts owed by group undertakings	542	-
Other debtors	2,500	2,500
Deferred tax asset		
Tax losses	100,000	100,000
Prepayments and accrued income	<u>235,327</u>	<u>206,587</u>
	<u><u>1,467,334</u></u>	<u><u>1,468,469</u></u>

Amounts owed by group undertakings are interest free and receivable on demand.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.17	30.6.16
	£	£
Hire purchase contracts (see note 16)	9,201	8,402
Trade creditors	400,439	603,735
Amounts owed to group undertakings	-	3,789
Corporation tax	-	5,768
Social security and other taxes	268,844	205,422
Other creditors	-	43,986
Accruals and deferred income	<u>275,784</u>	<u>204,599</u>
	<u><u>954,268</u></u>	<u><u>1,075,701</u></u>

Amounts owed to group undertakings are interest free and payable on demand.

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

	30.6.17	30.6.16
	£	£
Hire purchase contracts (see note 16)	<u><u>5,500</u></u>	<u><u>14,702</u></u>

**Knightsbridge Furniture Productions
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**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	30.6.17	30.6.16
	£	£
Net obligations repayable:		
Within one year	9,201	8,402
Between one and five years	<u>5,500</u>	<u>14,702</u>
	<u>14,701</u>	<u>23,104</u>
	Non-cancellable operating leases	
	30.6.17	30.6.16
	£	£
Within one year	212,783	227,529
Between one and five years	<u>258,842</u>	<u>342,537</u>
	<u>471,625</u>	<u>570,066</u>

In 2015 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:

	30.6.17	30.6.16
	£	£
Hire purchase contracts	14,701	23,104
Other creditors	<u>-</u>	<u>43,986</u>
	<u>14,701</u>	<u>67,090</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 during the year and the legal charge was satisfied on 19 December 2016.

Bank facilities are secured by a debenture in favour of National Westminster Bank plc dated 30 March 2017 over the whole of the undertakings, property and assets of the company.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.6.17	30.6.16
			£	£
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
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**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

19. RESERVES

	Retained earnings £
At 1 July 2016	442,374
Profit for the year	507,767
Dividends	(277,700)
Actuarial gain/(loss) in respect of defined benefit pension scheme	165,000
Deferred tax relating to defined benefit pension scheme	<u>(62,230)</u>
At 30 June 2017	<u><u>775,211</u></u>

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 2016. The next formal actuarial valuation will have an effective date of the 1 July 2019. 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 2017 for the purpose of preparing these accounts.

The major assumptions used by the actuary are listed below.

The company expects to contribute £110,712 to its defined benefit pension scheme in the year ended 30 June 2018.

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.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	30.6.17 £	30.6.16 £
Current service cost	-	-
Net interest from net defined benefit asset/liability	53,000	64,000
Past service cost	-	-
	<u>53,000</u>	<u>64,000</u>
Actual return on plan assets	<u>232,000</u>	<u>50,000</u>

**Knightsbridge Furniture Productions
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**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Opening defined benefit obligation	3,464,000	3,907,000
Interest cost	92,000	116,000
Actuarial losses/(gains)	28,000	261,000
Benefits paid	(90,000)	(820,000)
	<u>3,494,000</u>	<u>3,464,000</u>

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

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Opening fair value of scheme assets	1,440,000	2,110,000
Contributions by employer	109,000	100,000
Expected return	39,000	52,000
Actuarial gains/(losses)	193,000	(2,000)
Benefits paid	(90,000)	(820,000)
	<u>1,691,000</u>	<u>1,440,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Actual return less expected return on pension scheme assets	193,000	(2,000)
Experience gains and losses arising on scheme liabilities	(28,000)	(261,000)
	<u>165,000</u>	<u>(263,000)</u>

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

	Defined benefit pension plans	
	30.6.17	30.6.16
Equities	79%	75%
Property	4%	4%
Gilts	13%	14%
Cash	4%	7%
	<u>100%</u>	<u>100%</u>

**Knightsbridge Furniture Productions
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**Notes to the Financial Statements - continued
for the Year Ended 30 June 2017**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	30.6.17	30.6.16
Discount rate	2.60%	2.70%
Rate of increase in pensions in payment	3.40%	2.80%
Consumer price inflation	2.50%	1.90%

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 £85,987 (2016 £71,115).

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.