

REGISTERED NUMBER: 00597265 (England and Wales)

Strategic Report, Report of the Directors and

Audited Medium Financial Statements

for the Year Ended 30 June 2023

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 2023

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Knightsbridge Furniture Productions
Limited

Company Information
for the Year Ended 30 June 2023

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 2023

The directors present their strategic report for the year ended 30 June 2023.

REVIEW OF BUSINESS

The company has continued to develop its business in existing and new markets with the directors continuing to build on the company's strong heritage with investment in new designs, the research and development of products for new markets, manufacturing techniques and strategies for improvement. Uniquely in its market, the company is committed to continue to design and manufacture in the United Kingdom.

The company has continued to perform well throughout the year and has seen improvements on the results from June 2022. A profit after taxation for the year has been achieved despite the spend on utility costs being 2.35 times the figure in 2021/22 due to increases brought about by the war in Ukraine. The past two years has also seen a significant capital investment by the Company in new manufacturing machinery of £278,000, the benefits of which are expected to be realised through increased efficiency and less waste in forthcoming financial periods.

Throughout the year, the company maintained a tight control on overheads. The company's total comprehensive income for the year was £486,174 and net assets increased by £117,674 to £2,055,824 in the year to 30 June 2023. The company is continually developing its product ranges to meet the demands of changing market needs particularly in challenging environments. This strategy has enabled the company to grow despite difficult world economic conditions.

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

	2023	2022
Net assets	£2,055,824	£1,938,150
Bank deposits and cash	£630,376	£906,919

The directors believe that the continued investment in people, processes and product is the correct strategic direction for the business. A restructuring plan has been initiated in the last two years as a result of which, the directors are confident that the company will have the required skills and resources for the future.

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. The aim is to maintain and improve its 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) and the company has entered into forward Euro currency contracts to hedge against exchange rate risk. 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. Due to this and the volatility of raw material prices, 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.

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Strategic Report
for the Year Ended 30 June 2023

EXTERNAL RISKS - continued

Economic and political conditions

Global economic and geopolitical conditions affect our clients and the markets they operate in. Uncertainty created by hostile political and economic conditions can undermine business confidence with the consequent impact on spending and competitors' actions represent the major external risk.

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 effect on the business. To mitigate this, the company has accredited quality control systems and an experienced and committed workforce determined to maintain quality and reliability.

Employees

The company employs 108 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 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.

PENSION SCHEME

The company completed its triennial actuarial valuation with the pension scheme trustees in the year to 30 June 2023. The date of this valuation was based on the position at 1 July 2022. In the year to 30 June 2023, the results of the valuation using the trustees' funding method and assumptions decreased the shortfall recognised in the financial statements of the company by £564,000.

To address the valuation shortfall contributions of £179,865 have been paid in the year ended 30 June 2023 and the company has agreed contributions for the year ending 30 June 2024 of £137,330.

As at 30 June 2023, the deficit in the Knightsbridge Furniture Productions Staff Pension Scheme (the "scheme") was £627,000 compared with £1,191,000 as at 30 June 2022. The main factors contributing to the improvement are:

- a higher discount rate following increases in corporate bond yields over the year which has decreased the defined benefit obligation; and
- contributions paid into the scheme by the company.

ON BEHALF OF THE BOARD:



A Towns - Director

20 December 2023

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Report of the Directors
for the Year Ended 30 June 2023

The directors present their report with the financial statements of the company for the year ended 30 June 2023.

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 £368,500 (2022 - £432,155).

The directors do not recommend any further dividend for the year ended 30 June 2023.

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 shown below have held office during the whole of the period from 1 July 2022 to the date of this report.

A Towns
P Denham

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 pages 2 to 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.

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.

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

**Report of the Directors
for the Year Ended 30 June 2023**

AUDITORS

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'A. Towns'.

A Towns - Director

20 December 2023

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 2023 which comprise the Income Statement, Other 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 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

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 financial statements are 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 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, 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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.

Auditors' 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

To identify risks of misstatement due to fraud or non-compliance with laws and regulations that could have a material effect on the financial statements we assessed events or conditions that could indicate an incentive or pressure to commit fraud by considering the following:

- The results of our enquiries of directors and key management of procedures to prevent and detect fraud, and whether they have knowledge of any actual, suspected or alleged fraud;
- Analytical review procedures to identify any unusual or unexpected relationships;
- The nature of the company and the industry that it operates in;
- Its management structure and control systems including the opportunity for management to override controls;
- Remuneration incentive schemes and performance targets set for management, directors and staff including consideration for any performance targets.

All identified fraud risks were communicated to the audit engagement team and the team were instructed to remain alert to any actual or suspected non-compliance with laws or regulations that may result in fraud throughout the whole assignment.

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

Auditing standards requires us to perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the principle risks related to management bias in accounting estimates, the risk that management may be in a position to make inappropriate accounting entries and the risk that revenue is over/understated.

We did not identify any additional fraud risks.

Our audit procedures included but were not limited to:

- Agreement of the financial statements and disclosures to underlying supporting documentation;
- Sample testing of revenue to ensure transactions were recognised in the correct period by vouching to underlying records;
- Identifying and testing journal entries to ensure they are appropriate;
- Reviewing assumptions made in calculating accounting estimates and made appropriate enquiries of management and challenged assumptions where appropriate.

The laws and regulations that could have a material effect on the financial statements include but are not limited to, those that relate to financial reporting legislation, taxation legislation and the Companies Act 2006. The company are also subject to many other laws and regulations. Examples of these include health and safety, anti bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiries of the directors and key management and the inspection of relevant documentation. Unless a material breach is disclosed to us, an audit will not detect that breach.

No instances of material non-compliance were identified. However, there are inherent limitations in audit procedures. There is an unavoidable risk that the further removed non-compliance with laws and regulations is from the events and transactions reflected within the financial statements the less likely we are to identify it.

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.

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 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.

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

20 December 2023

Connelly - C



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

**Income Statement
for the Year Ended 30 June 2023**

	Notes	30.6.23 £	30.6.22 £
TURNOVER	3	11,111,575	10,190,393
Cost of sales		<u>(6,756,443)</u>	<u>(6,216,313)</u>
GROSS PROFIT		4,355,132	3,974,080
Distribution costs		(1,352,051)	(1,207,888)
Administrative expenses		<u>(2,924,508)</u>	<u>(2,587,399)</u>
		78,573	178,793
Other operating income		<u>-</u>	<u>29,467</u>
OPERATING PROFIT	6	78,573	208,260
Interest receivable and similar income		<u>1,415</u>	<u>1,031</u>
		79,988	209,291
Interest payable and similar expenses	7	<u>(68,144)</u>	<u>(53,607)</u>
PROFIT BEFORE TAXATION		11,844	155,684
Tax on profit	8	<u>187,330</u>	<u>454,226</u>
PROFIT FOR THE FINANCIAL YEAR		<u>199,174</u>	<u>609,910</u>

All results in the year are 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 2023**

	30.6.23	30.6.22
Notes	£	£
PROFIT FOR THE YEAR	199,174	609,910
OTHER COMPREHENSIVE INCOME		
Remeasurement of defined benefit obligations	422,000	921,000
Return on plan assets	6,000	(209,000)
Income tax relating to components of other comprehensive income	<u>(141,000)</u>	<u>(87,570)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>287,000</u>	<u>624,430</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>486,174</u></u>	<u><u>1,234,340</u></u>

The notes form part of these financial statements

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Balance Sheet
30 June 2023

	Notes	30.6.23 £	30.6.22 £
FIXED ASSETS			
Tangible assets	10	904,460	854,950
CURRENT ASSETS			
Stocks	11	1,214,223	1,417,080
Debtors	12	2,394,096	2,400,784
Cash at bank		<u>630,376</u>	<u>906,919</u>
		4,238,695	4,724,783
CREDITORS			
Amounts falling due within one year	13	<u>2,199,612</u>	<u>2,055,854</u>
NET CURRENT ASSETS		<u>2,039,083</u>	<u>2,668,929</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,943,543	3,523,879
CREDITORS			
Amounts falling due after more than one year	14	(260,719)	(394,729)
PENSION LIABILITY	21	<u>(627,000)</u>	<u>(1,191,000)</u>
NET ASSETS		<u>2,055,824</u>	<u>1,938,150</u>
CAPITAL AND RESERVES			
Called up share capital	19	385,520	385,520
Non-distributable reserve	20	387,378	387,378
Retained earnings	20	<u>1,282,926</u>	<u>1,165,252</u>
SHAREHOLDERS' FUNDS		<u>2,055,824</u>	<u>1,938,150</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2023 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 30 June 2023

	Called up share capital £	Retained earnings £	Non-distributable reserve £	Total equity £
Balance at 1 July 2021	385,520	332,077	418,368	1,135,965
Changes in equity				
Dividends	-	(432,155)	-	(432,155)
Total comprehensive income	-	1,265,330	(30,990)	1,234,340
Balance at 30 June 2022	<u>385,520</u>	<u>1,165,252</u>	<u>387,378</u>	<u>1,938,150</u>
Changes in equity				
Dividends	-	(368,500)	-	(368,500)
Total comprehensive income	-	486,174	-	486,174
Balance at 30 June 2023	<u>385,520</u>	<u>1,282,926</u>	<u>387,378</u>	<u>2,055,824</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 2023**

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 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 following:-

Revaluation of tangible fixed assets

Plant and machinery is stated in the statement of financial position at revalued amounts. The revalued amounts equate to the fair value at the date of revaluation, less any depreciation or impairment losses subsequently accumulated. Revaluations are carried out regularly so that the carrying amounts do not materially differ from using the fair value at the date of the statement of financial position.

Impairment of stock

Stock is carried at the lower of cost and net realisable value. The company reviews for impairment provisions annually by noting slow moving, damaged and obsolete items. Where selling price less costs to sell is deemed to be lower than cost, an impairment provision arises.

Valuation of work in progress

Work in progress is valued at cost of raw materials plus overhead absorption rate. When calculating the absorption rate, management consider the percentage of costs that are directly attributable to getting the raw materials to finished goods stage.

The recoverability of debts

Trade debtors are reviewed regularly to identify possible bad debts. When considering impairment, the company looks at the likelihood of the debt being recovered, based on past experience and credit checks, and considers whether any can be covered by insurance.

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

2. ACCOUNTING POLICIES - continued

Defined benefit pension liability

The company operates a defined benefit pension scheme. The valuation of the scheme is calculated by qualified actuaries, using various assumptions for discount rates, life expectancy and future pension and salary increases.

Finance and operating leases

The company enters into leases as a lessee for property, plant and equipment and motor vehicles. The directors consider the terms and conditions of the lease to determine whether the company acquires significant risks and rewards of ownership of these assets, to determine whether the lease should be treated as an operating lease through the profit and loss, or a finance lease through the balance sheet.

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.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

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	- Not Depreciated
Plant and machinery	- Not Depreciated
Motor vehicles	- 25% Straight Line Basis and 16.67% Straight Line Basis

Motor vehicles have been fully depreciated.

Any revaluation increase or decrease on plant and machinery is credited to the property revaluation reserve in 'non-distributable reserves'.

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.

Government grants

Government grants are recognised as income in the profit and loss account when the grant proceeds are receivable.

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 30 June 2023**

2. ACCOUNTING POLICIES - continued

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.

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 30 June 2023**

2. ACCOUNTING POLICIES - continued

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.

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.

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

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2023**

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:

	30.6.23	30.6.22
	£	£
Sale of goods	<u>11,111,575</u>	<u>10,190,393</u>
	<u><u>11,111,575</u></u>	<u><u>10,190,393</u></u>

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

4. EMPLOYEES AND DIRECTORS

	30.6.23	30.6.22
	£	£
Wages and salaries	3,015,833	2,701,815
Social security costs	315,088	286,505
Other pension costs	<u>243,607</u>	<u>215,670</u>
	<u><u>3,574,528</u></u>	<u><u>3,203,990</u></u>

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

	30.6.23	30.6.22
Production staff	72	68
Management and administration staff	34	31
Directors	<u>2</u>	<u>2</u>
	<u><u>108</u></u>	<u><u>101</u></u>

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 7).

5. DIRECTORS' EMOLUMENTS

	30.6.23	30.6.22
	£	£
Directors' remuneration	25,741	22,719
Directors' pension contributions to money purchase schemes	<u>39,000</u>	<u>35,750</u>

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

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

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

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2023**

6. OPERATING PROFIT

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

	30.6.23	30.6.22
	£	£
Auditors' remuneration	21,000	21,000
Auditors' remuneration for non audit work	31,298	14,282
Foreign exchange differences	(26,668)	58,015
Operating lease charges	<u>423,585</u>	<u>415,039</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.6.23	30.6.22
	£	£
Bank loan interest	18,599	13,580
Net finance costs in respect of defined benefit pension schemes	42,000	34,000
Hire purchase interest	<u>7,545</u>	<u>6,027</u>
	<u>68,144</u>	<u>53,607</u>

8. TAXATION

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	30.6.23	30.6.22
	£	£
Current tax:		
Adjustments for prior years	(204,362)	(272,205)
Deferred tax	<u>17,032</u>	<u>(182,021)</u>
Tax on profit	<u>(187,330)</u>	<u>(454,226)</u>

UK corporation tax has been charged at 20.50% (2022 - 19%).

Knightsbridge Furniture Productions
Limited (Registered number: 00597265)

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

8. TAXATION - continued

Reconciliation of total tax credit 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:

	30.6.23 £	30.6.22 £
Profit before tax	<u>11,844</u>	<u>155,684</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20.50% (2022 - 19%)	2,428	29,580
Effects of:		
Expenses not deductible for tax purposes	1,670	3,675
Capital allowances in excess of depreciation	-	(10,260)
Depreciation in excess of capital allowances	1,380	-
Pension contributions adjustment	(27,880)	(23,750)
Tax losses	39,434	(203,020)
Change in rate	-	21,754
Research and development tax credit	<u>(204,362)</u>	<u>(272,205)</u>
Total tax credit	<u>(187,330)</u>	<u>(454,226)</u>

Tax effects relating to effects of other comprehensive income

	Gross £	30.6.23 Tax £	Net £
Remeasurement of defined benefit obligations	422,000	(141,000)	281,000
Return on plan assets	<u>6,000</u>	<u>-</u>	<u>6,000</u>
	<u>428,000</u>	<u>(141,000)</u>	<u>287,000</u>
	Gross £	30.6.22 Tax £	Net £
Remeasurement of defined benefit obligations	921,000	(87,570)	833,430
Return on plan assets	<u>(209,000)</u>	<u>-</u>	<u>(209,000)</u>
	<u>712,000</u>	<u>(87,570)</u>	<u>624,430</u>

Deferred tax at 30 June 2023 has been calculated on the main tax rate of 25% (2022 - 25%).

9. DIVIDENDS

	30.6.23 £	30.6.22 £
Ordinary shares of £1 each		
Interim	<u>368,500</u>	<u>432,155</u>

Knightsbridge Furniture Productions
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Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 July 2022	59,350	849,755	222,809	1,131,914
Additions	<u>12,991</u>	<u>36,519</u>	<u>-</u>	<u>49,510</u>
At 30 June 2023	<u>72,341</u>	<u>886,274</u>	<u>222,809</u>	<u>1,181,424</u>
DEPRECIATION				
At 1 July 2022				
and 30 June 2023	<u>54,155</u>	<u>-</u>	<u>222,809</u>	<u>276,964</u>
NET BOOK VALUE				
At 30 June 2023	<u>18,186</u>	<u>886,274</u>	<u>-</u>	<u>904,460</u>
At 30 June 2022	<u>5,195</u>	<u>849,755</u>	<u>-</u>	<u>854,950</u>

Plant and machinery was valued by Moorcroft Valuation Surveyors on 10 December 2019. The directors have performed an assessment of the carrying value of the plant and machinery at 30 June 2023 and consider that the fair value is not materially different to the carrying value.

Plant and machinery had a historic cost of £2,953,999 and a fair value of £886,274. All other fixed asset categories are stated at cost.

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

	Plant and machinery £
COST OR VALUATION	
At 1 July 2022	
and 30 June 2023	<u>195,192</u>
NET BOOK VALUE	
At 30 June 2023	<u>195,192</u>
At 30 June 2022	<u>195,192</u>

11. STOCKS

	30.6.23 £	30.6.22 £
Raw materials	647,110	705,653
Work-in-progress	337,965	417,914
Finished goods	<u>229,148</u>	<u>293,513</u>
	<u>1,214,223</u>	<u>1,417,080</u>

There is no material difference between replacement cost and the valuation of finished goods.

Knightsbridge Furniture Productions
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Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.23	30.6.22
	£	£
Trade debtors	1,772,740	1,605,493
Other debtors	235,091	273,207
Deferred tax asset	288,074	446,106
Prepayments and accrued income	<u>98,191</u>	<u>75,978</u>
	<u><u>2,394,096</u></u>	<u><u>2,400,784</u></u>

Deferred tax asset	30.6.23	30.6.22
	£	£
Pension deficit	156,750	297,750
Tax losses	260,450	277,482
Non-distributable reserve	<u>(129,126)</u>	<u>(129,126)</u>
	<u><u>288,074</u></u>	<u><u>446,106</u></u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.23	30.6.22
	£	£
Bank loans and overdrafts (see note 15)	100,000	100,000
Hire purchase contracts (see note 16)	34,011	32,087
Trade creditors	784,242	954,229
Social security and other taxes	358,216	232,567
Accruals and deferred income	<u>923,143</u>	<u>736,971</u>
	<u><u>2,199,612</u></u>	<u><u>2,055,854</u></u>

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

	30.6.23	30.6.22
	£	£
Bank loans (see note 15)	183,334	283,333
Hire purchase contracts (see note 16)	<u>77,385</u>	<u>111,396</u>
	<u><u>260,719</u></u>	<u><u>394,729</u></u>

15. LOANS

An analysis of the maturity of loans is given below:

	30.6.23	30.6.22
	£	£
Amounts falling due within one year or on demand:		
Bank loans - less than 1 year	<u>100,000</u>	<u>100,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>100,000</u>	<u>100,000</u>

Knightsbridge Furniture Productions
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Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

15. LOANS - continued

	30.6.23	30.6.22
	£	£
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>83,334</u>	<u>183,333</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	30.6.23	30.6.22
	£	£
Gross obligations repayable:		
Within one year	39,632	39,632
Between one and five years	<u>82,751</u>	<u>122,383</u>
	<u>122,383</u>	<u>162,015</u>
Finance charges repayable:		
Within one year	5,621	7,545
Between one and five years	<u>5,366</u>	<u>10,987</u>
	<u>10,987</u>	<u>18,532</u>
Net obligations repayable:		
Within one year	34,011	32,087
Between one and five years	<u>77,385</u>	<u>111,396</u>
	<u>111,396</u>	<u>143,483</u>
	Non-cancellable operating leases	
	30.6.23	30.6.22
	£	£
Within one year	296,449	351,130
Between one and five years	<u>374,379</u>	<u>463,109</u>
	<u>670,828</u>	<u>814,239</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.

**Knightsbridge Furniture Productions
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**Notes to the Financial Statements - continued
for the Year Ended 30 June 2023**

17. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.23	30.6.22
	£	£
Bank loans	283,334	383,333
Hire purchase contracts	<u>111,396</u>	<u>143,483</u>
	<u>394,730</u>	<u>526,816</u>

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.

On 5 April 2022, the company entered into an invoice discounting facility with RBS Invoice Finance Ltd in respect of its book debts. The facility is secured by a debenture in favour of RBS Invoice Finance Ltd over the property and assets of the company. This facility was in use at 30 June 2023, however no amounts had been advanced.

Obligations under hire purchase contracts are secured on the assets to which they relate.

18. DEFERRED TAX

	£
Balance at 1 July 2022	(446,106)
Provided during year	13,586
Movement in pension liability	141,000
Movements on tax losses	<u>3,446</u>
Balance at 30 June 2023	<u>(288,074)</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.6.23	30.6.22
Number:	Class:	Nominal value:	£	£
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 2023

20. RESERVES

	Retained earnings £	Non-distributable reserve £	Totals £
At 1 July 2022	1,165,252	387,378	1,552,630
Profit for the year	199,174		199,174
Dividends	(368,500)		(368,500)
Actuarial gain in respect of defined benefit pension scheme	428,000	-	428,000
Deferred tax relating to defined benefit pension scheme	<u>(141,000)</u>	<u>-</u>	<u>(141,000)</u>
At 30 June 2023	<u>1,282,926</u>	<u>387,378</u>	<u>1,670,304</u>

21. 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, who is the source of the information, on the basis of triennial valuations using the projected accrued benefits method. The last formal valuation was 1 July 2022. The next formal actuarial valuation will have an effective date of the 1 July 2025. 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 2023 for the purpose of preparing these accounts.

The pension liability included in the balance sheet is made up of:-

	2023 £	2022 £
Present value of the defined benefit obligation	(2,892,000)	(3,332,000)
Fair value of the scheme assets	<u>2,265,000</u>	<u>2,141,000</u>
	<u>(627,000)</u>	<u>(1,191,000)</u>

The major assumptions used by the actuary are listed below.

The company expects to contribute £137,330 to its defined benefit pension scheme in the year ended 30 June 2024.

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
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Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	30.6.23	30.6.22
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	42,000	34,000
Past service cost	-	-
	<u>42,000</u>	<u>34,000</u>
Actual return on plan assets	<u>88,000</u>	<u>(169,000)</u>

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

	Defined benefit pension plans	
	30.6.23	30.6.22
	£	£
Opening defined benefit obligation	3,332,000	4,288,000
Interest cost	124,000	74,000
Actuarial losses/(gains)	(422,000)	(921,000)
Benefits paid	<u>(142,000)</u>	<u>(109,000)</u>
	<u>2,892,000</u>	<u>3,332,000</u>

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

	Defined benefit pension plans	
	30.6.23	30.6.22
	£	£
Opening fair value of scheme assets	2,141,000	2,260,000
Contributions by employer	178,000	159,000
Expected return	82,000	40,000
Actuarial gains/(losses)	6,000	(209,000)
Benefits paid	<u>(142,000)</u>	<u>(109,000)</u>
	<u>2,265,000</u>	<u>2,141,000</u>

**Knightsbridge Furniture Productions
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**Notes to the Financial Statements - continued
for the Year Ended 30 June 2023**

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	30.6.23	30.6.22
	£	£
Actual return less expected return on pension scheme assets	6,000	(209,000)
Experience gains and losses arising on scheme liabilities	<u>422,000</u>	<u>921,000</u>
	<u>428,000</u>	<u>712,000</u>

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

	Defined benefit pension plans	
	30.6.23	30.6.22
Equities	67%	67%
Property	4%	6%
Gilts	10%	9%
Cash	<u>19%</u>	<u>18%</u>
	<u>100%</u>	<u>100%</u>

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

	30.6.23	30.6.22
Discount rate	5.30%	3.80%
Rate of increase in pensions in payment	3.20%	3.20%
Consumer price inflation	2.60%	2.60%

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 £243,607 (2022 - £215,670).

22. 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.

23. 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.