

Registration Number: 00923748

OSBORNE & LITTLE LIMITED

REPORT AND ACCOUNTS **Year ended 31 March 2021**

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ANNUAL REPORT
for the year ended 31 March 2021

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Osborne & Little Limited

DIRECTORS AND ADVISORS

DIRECTORS

Sir Peter George Osborne Bt.
Peter Soar FCA
Lady Felicity Alexandra Osborne
George Gideon Oliver Osborne

SECRETARY AND REGISTERED OFFICE

Peter Soar FCA
Riverside House
26 Osiers Road
London SW18 1NH
Tel 020 8812 3000
email.oandl@osborneandlittle.com

REGISTERED NUMBER

00923748, England

AUDITORS

BDO LLP
55 Baker Street
London W1U 7EU

BANKERS

HSBC UK Bank PLC
1 Centenary Square
Birmingham B1 1HQ

The company is a wholly owned subsidiary of Osborne & Little Group Limited and its results are included in the consolidated financial statements of Osborne & Little Group Limited which are publicly available.

STRATEGIC REPORT
for the year ended 31 March 2021

1. INTRODUCTION

The principal activities of the company are the design and international distribution of fine furnishing fabrics and wallpapers.

The directors report a loss before tax of £106,000 (2020 - profit of £1,445,000 after the waiver of an inter-company liability of £1,936,000).

2. BUSINESS REVIEW

Trading for the year was severely impacted by Covid-19, with turnover falling 18% from £17m to £13.9m. Sales fell by 18% in the UK, 16% in Europe and 15% in the US.

Although gross profit fell from £7.7m to £6.6m, the gross profit margin increased, as a result of the careful management of costs, from 45% to 47%. The company took advantage of the UK government Covid-19 job retention scheme and received £510,000 of support. At an operating level the result for the year was an improvement from a loss of £346,000 to a profit of £103,000.

Although a trading loss, after interest and tax, of £280,000 was recorded, the balance sheet was strengthened by a reduction in stock levels, also by receipt of a Coronavirus business interruption loan of £3.6m, repayable over five years. As a result cash balances increased from £628,000 to £3,928,000 with secured bank financing reducing from £3,520,000 to £1,194,000.

The UK left the European Union, EU, on 1 January 2021 and this had an immediate adverse effect on profits. Unforeseen costs such as duty on EU goods imported into the UK and subsequently exported to customers in the EU, increased shipping costs both for imports and exports have added costs in the last quarter of the financial year amounting to some £400,000. At the end of March 2021, the new distributor in Germany was set up and the goods are flowing more easily and significant cost savings have been and will continue to be made.

STRATEGIC REPORT (continued)

3. OPERATIONAL RISKS

The company's principal operating risks are

Economic conditions

The company's activities reflect the economic environment of the countries in which we trade. Depressed economic conditions will impact on our sales levels and margins achieved.

Competitor activity

The company is exposed to price competition from its competitors, both in the UK and abroad, together with a need to maintain a competitive product range, quality and service.

Material prices

Material prices are the company's largest input cost, with price increases and product availability and delivery times directly impacting on gross margin.

Brexit

As detailed on page 3, our ability to trade competitively in Europe, in the future, will depend on the local customs requirements and cost of transportation.

4. FINANCIAL INSTRUMENT RISKS

The company uses financial instruments to manage the risks arising from its operations. These transactions are undertaken only to manage the currency risk associated with the group's underlying business activities.

The company's financial instruments, other than derivatives, comprise cash and various items, such as trade debtors and trade creditors, that arise directly from its operations.

The company enters into derivative transactions, principally forward foreign currency contracts. The purpose of such transactions is to manage the currency risk arising from the company's operations.

It is, and has been throughout the period under review, the company's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

STRATEGIC REPORT (continued)

Interest rate risk

At 31 March 2021 the company's net borrowing was £866,000 (2020 - £2,892,000) all of which is at floating rates.

The company's policy is to hold cash and overnight deposits on a floating rate basis.

Liquidity risk

Short-term flexibility is achieved by invoice and asset financing facilities.

Currency risk

The company has one significant overseas subsidiary, operating in the US. The majority of the US subsidiary's turnover is sourced by exports from the UK company which are invoiced in US dollars. The company minimises the currency transaction exchange risk by the use of forward contracts covering between 40% and 70% of the forecast exchange exposures for up to two years ahead.

At 31 March 2021 the company had outstanding synthetic forward currency contracts of £2,622,861 (2020 - £3,390,614) at an average rate of GBP1:USD1.37 (2020 - GBP1:USD1.30) in respect of its actual and forecast currency transaction exposures. Under FRS 102 these contracts were recorded in the accounts as an asset of £15,383 (2020 - recorded as a liability of £139,411).

About 42% of the company's sales are to countries other than the UK and North America, including 35% to European countries. Most of these sales are invoiced in local currencies. The company does not eliminate currency exposure on these sales through forward currency contracts as any exposure is minimised due to the offsetting effect of imports and local costs.

STRATEGIC REPORT (continued)

Covid-19

The worldwide effect of Covid-19 started at the end of our previous financial year and has significantly impacted our markets and trading in the year to 31 March 2021. However with the support of our staff and customers we have achieved results well above those expected at the start of the lockdown. The global trading outlook is improving but remains uncertain looking ahead into 2022, however with a lower cost base we are confident of a further improved trading position for the year ended 31 March 2022. We have followed and continue to follow all Government advice addressing public safety and the health and safety of staff and customers remains paramount.

We have, since the beginning of March 2020, implemented substantial cost savings, with senior management taking significant pay cuts and a reduction in discretionary spend. Further savings included the furloughing of a significant proportion of the workforce, which ended in September 2021. We also made use of the UK Government's Covid loan scheme and were able to borrow £3.6m, repayable over a five year period. Subsequent to the year end, on the basis of a strong cash position, we have made early repayments of £1.85m of the Covid loan.

The end result, even on a cautious assumption over the impact of the crisis, is that we are emerging as a strong and sustainable profit-making business.

5. KEY PERFORMANCE INDICATORS

The key performance indicators of the company relate to sales, gross margins and results before tax.

Commentary on sales is included under Business Review. The uncertainty in the economic climate has been influenced by the Covid-19 crisis and Brexit.

The gross margin was 47% (2020 - 45%).


Stock turnover increased to 132 days (2020 - 125 days).

STRATEGIC REPORT (continued)

Outlook

Sales in the first seven months ended 31 October 2021 are performing well being up 16% over the same period of the previous year. A profit has been made in the same period.

By Order of the Board

A handwritten signature in black ink, appearing to read 'P Soar', with a long horizontal flourish extending to the right.

Peter Soar, FCA
COMPANY SECRETARY
London
9 December 2021

REPORT OF THE DIRECTORS
for the year ended 31 March 2021

The directors submit their report and the audited financial statements for the year ended 31 March 2021.

1. PRINCIPAL ACTIVITIES

The principal activities of the company are the design and international distribution of fine furnishing fabrics and wallpapers.

2. ULTIMATE HOLDING COMPANY

The ultimate holding company is Osborne & Little Group Limited, which is the parent undertaking of the largest group to consolidate these financial statements.

3. DIVIDENDS

No dividends were paid during the year (2020 - nil).

4. GOING CONCERN

During the year the company received a CBIL loan of £3.6m in the UK, which is repayable over five years from May 2021. This, together with the improved trading position in the year ended 31 March 2021, and close debtor and stock management, has led to an increase in the cash balances held, from £628,000 at 31 March 2020 to £3,928,000 at 31 March 2021, with core borrowings, excluding the CBIL loan, reducing from £3.5m to £1.2m. This position has further improved since the year end, with current cash balances held of approximately £1.3m, after having made early repayments of £1.85m of the UK Government's Covid loan.

The directors have prepared the financial statements on a going concern basis, which assumes the company will continue in operational existence for the foreseeable future. Further details on the going concern position are given in note 1(c) on page 19.

REPORT OF THE DIRECTORS (continued)

5. DIRECTORS

The directors listed on page 2 have held office during the year ended 31 March 2021. There have been no changes since then, up to the date of the approval of these accounts.

The directors retiring by rotation, in accordance with the Articles of Association, are George Osborne and Peter Osborne who, being eligible, offer themselves for re-election.

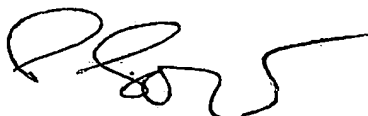
6. DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who were directors at the time when this report is approved confirms that:

(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

By Order of the Board

A handwritten signature in black ink, appearing to be 'P Soar', written in a cursive style.

Peter Soar, FCA
COMPANY SECRETARY
London
9 December 2021

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSBORNE & LITTLE LIMITED

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Osborne & Little Limited ("the Company") for the year ended 31 March 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSBORNE & LITTLE LIMITED
(continued)

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 included in the annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSBORNE & LITTLE LIMITED
(continued)

Other Companies Act 2006 reporting

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

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

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 Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSBORNE & LITTLE LIMITED
(continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We designed and executed procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and other management and review of the board minutes (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As required by auditing standards, we performed procedures to address the risk of fraudulent revenue recognition and the risk that management may be in a position to make inappropriate accounting entries.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSBORNE & LITTLE LIMITED
(continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Paul Clark
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Paul Clark, *Senior Statutory Auditor*

For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street

London

W1U 7EU

09 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INCOME STATEMENT

for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Turnover	3	13,911	16,977
Cost of sales		(7,327)	(9,296)
Gross profit		6,584	7,681
Operating expenses		(7,119)	(8,027)
Other operating income	6	638	-
Operating profit/(loss) before exceptional items		103	(346)
Exceptional item: waiver of inter-company loan		-	1,936
Operating (loss)/profit		103	1,590
Interest payable	7	(209)	(145)
(Loss)/profit before taxation	8	(106)	1,445
Taxation (loss)/credit	9	(174)	34
(Loss)/profit for the financial year		(280)	1,479

STATEMENT OF COMPREHENSIVE INCOME

	Note	2021 £000	2020 £000
(Loss)/profit for the financial year		(280)	1,479
Cash flow hedges: reversal of prior year		139	35
Cash flow hedges: arising in the year		15	(139)
Other comprehensive profit/(loss) in the year before tax		154	(104)
Income tax relating to components of other comprehensive income	9	(29)	20
Other comprehensive income/(loss) for the year (net of tax)		125	(84)
Total comprehensive income for the financial year		(155)	1,395

All activity has arisen from continuing operations.

The company is a wholly owned subsidiary of Osborne & Little Group Limited and its results are included in the consolidated financial statements of Osborne & Little Group Limited which are publicly available.

Osborne & Little Limited

STATEMENT OF FINANCIAL POSITION

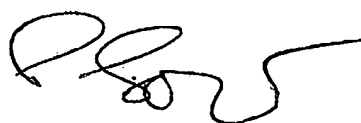
31 March 2021

	Note	2021 £000	2020 £000
Non-current assets			
Fixed assets	10	473	477
Investments	11	484	462
		957	939
Current assets			
Stock	12	5,024	5,799
Debtors	13	3,062	2,899
Cash and cash equivalents		3,928	628
		12,014	9,326
Creditors: amounts falling due within one year	14	(7,241)	(7,380)
Net current assets		4,773	1,946
Total assets less current liabilities		5,730	2,885
Creditors: amounts falling due after one year	15	(3,000)	-
Net assets		2,730	2,885
Capital and reserves			
Called up share capital	17	301	301
Share premium account		795	795
Capital redemption reserve		61	61
Hedging reserve		15	(139)
Profit and loss account		1,558	1,867
Shareholders' funds		2,730	2,885

The financial statements were approved by the board of directors on 9 December 2021 and were signed on its behalf by:



Sir Peter G Osborne Bt
Director



Peter Soar FCA
Director

The company is a wholly owned subsidiary of Osborne & Little Group Limited and its results are included in the consolidated financial statements of Osborne & Little Group Limited which are publicly available.

Company number: 00923748

Osborne & Little Limited

STATEMENT OF CHANGES IN EQUITY

31 March 2021

	Share capital £000	Share premium £000	Capital redemp- tion reserve £000	Hedging reserve £000	Profit & loss account £000	Total £000
At 1 April 2019	301	795	61	(35)	368	1,490
Profit for financial year	-	-	-	-	1,479	1,479
Other comprehensive income:-						
Currency hedges	-	-	-	(104)	-	(104)
Income tax relating to components of other comprehensive income	-	-	-	-	20	20
At 31 March 2020	301	795	61	(139)	1,867	2,885
(Loss) for financial year	-	-	-	-	(280)	(280)
Other comprehensive income:-						
Currency hedges	-	-	-	154	-	154
Income tax relating to components of other comprehensive income	-	-	-	-	(29)	(29)
At 31 March 2021	301	795	61	15	1,558	2,730

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

I. PRINCIPAL ACCOUNTING POLICIES

(a) General information

Osborne & Little Limited is a limited company, registered in England and Wales. The principal place of business is Riverside House, 26 Osiers Road, London SW18 1NH.

(b) Basis of accounting

These financial statements are prepared in accordance with United Kingdom applicable accounting standards including Financial Reporting Standard 102.

The company is exempt under section 405 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its parent, Osborne and Little Group Limited, a company registered in England and Wales.

(c) Going concern

During the year the company received a CBIL loan of £3.6m in the UK, which is repayable over five years from May 2021. This, together with the improved trading position in the year ended 31 March 2021, and close debtor and stock management, has led to an increase in the cash balances held, from £628,000 at 31 March 2020 to £3,928,000 at 31 March 2021, with core borrowings, excluding the CBIL loan, reducing from £3.5m to £1.2m. This position has further improved since the year end, with current cash balances held of approximately £1.3m, after having made early repayments of £1.85m of the UK Government's Covid loan.

The company operates under certain bank covenants, which includes maintaining net assets at £1.9 million. At 31 March 2021, net assets were £2.73 million. The company has since traded profitably and as at the date of approval of these financial statements, the net asset compliance covenant is being satisfied.

The company has other banking facilities which operate under certain covenants, including a stock facility which requires the group consolidated net assets to be maintained at £3m, excluding a subordinated directors' loan of £640,000. As at 31 March 2021 consolidated net assets, having excluded the directors loan, were £3,580,000. The group has since traded profitably since the year end and the directors are confident that the net asset threshold is currently being met and will continue to be met until at least 31 March 2023. As at the date of approval of these financial statements, the level of cash held by the company significantly exceeds the core borrowings excluding the Coronavirus Government backed loans.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(c) Going Concern (continued)

The Covid-19 virus has had a huge impact on the UK. Whilst the timing and ultimate impact of Covid-19 still cannot be assessed with any precision at the time of approval of these financial statements, trading levels in the current year, to 31 March 2022, are operating at similar levels to the comparable period in the year ended 31 March 2020. Various scenarios have been run through to 31 March 2023. These have shown that the company will be able to operate within its existing cash resources.

On the basis of the above, the directors believe that the company will meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and have therefore prepared the financial statements on a going concern basis.

(d) Depreciation

Depreciation is calculated to write off the full cost of all assets on the straight line basis over their expected useful economic lives. The principal annual rates used for this purpose are:

	Over the life of the lease
Short leaseholds	
Plant, equipment and fittings	10%-25%
Motor vehicles	25%
Computer equipment	25%

The company reviews its fixed assets annually and the directors determine whether there are indications of potential impairment. Factors taken into consideration in reaching such a decision include the economic viability of the asset and, where it is a component of a larger cash generating unit, the viability of that asset. Where an asset is impaired it is written down to the higher of sales price, net of disposal costs, and value in use.

Any impairment of fixed assets is dealt with in the Income Statement in the period in which it arises.

(e) Investments

Investments in subsidiary companies are stated at cost less any impairment.

During the year a new subsidiary in Germany was established. Osborne & Little Europe GmbH began trading as the distributor for Osborne & Little Limited into European Union member countries from 22 March 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(f) Stocks

Stocks, comprising goods held for resale, are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis. Net realisable value is the price at which the stock can be realised in the normal course of business after making full allowance for the cost of realisation. Provision is made for obsolete, slow-moving and defective stocks.

(g) Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

(h) Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year.

Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

(j) Financial instruments

The company's financial instruments, other than derivatives, comprise trade and other debtor and creditor balances, together with inter-company balances which are stated at cost less provision for impairment and are receivable and payable within one year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(k) Derivative financial instruments and hedging activities

The company uses derivative financial instruments to manage exposure to foreign currency risks. Derivative financial instruments are classified as other financial instruments in the Statement of Financial Position and where used as a hedging instrument, have been classified as cash flow hedges.

For cash flow hedges, the portion of the change in fair value of the hedging instrument that was effective is recognised in other comprehensive income. Any excess of the cumulative change in fair value is recognised in profit or loss.

The hedging gain or loss recognised in other comprehensive income is reclassified to profit or loss when the hedged item is recognised in profit or loss or when the hedging relationship ends. This treatment is discontinued if the hedging instrument expires or is sold, terminated or exercised, once the Company has elected to discontinue and has documented that decision or the hedge no longer meets the criteria for hedge accounting.

(l) Foreign currencies

The company has a functional and presentational currency of Pounds Sterling (GBP).

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. All foreign exchange differences are taken to the Income Statement in the year in which they arise.

(m) Turnover

Turnover represents the value of goods supplied by the company less returns, allowances, rebates and sales taxes.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on the customer receipt of the goods, the amounts can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(n) Deferred taxation

Deferred taxation is provided in full on all timing differences which result in an obligation to pay more tax, or a right to pay less tax in the future at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised only to the extent that it is more likely than not there will be sufficient taxable profits from which future reversals of the underlying timing differences can be deducted. No provision is made where the amounts involved are not material.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(o) Pension arrangements

Contributions paid to the company pension schemes (defined contribution), in respect of its employees, are charged to the Income Statement as incurred.

(p) Operating leases

Costs in respect of operating leases are charged to the Income Statement on a straight line basis over the term of the lease.

(q) Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company are recognised in the income statement in the period in which they became receivable.

The UK Government COVID related grants were included in the Income Statement within Other operating income (note 6).

(r) Cash flow statement

The company is a wholly owned subsidiary of Osborne & Little Group Limited and its results included in the consolidated financial statements of Osborne & Little Group Limited which are publicly available. Consequently the Company has taken advantage of the exemption within Financial Reporting Standard 102 from preparing a cash flow statement.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

With regard to accounting estimates, notes 12 and 13 contain details of the company's inventory and debtors. The carrying value of finished goods and trade debtors have been reviewed using commercial judgement with regard to an appropriate level of provision against inventory obsolescence and irrecoverable debts. Details of the provisions are stated in notes 12 and 13.

The key judgements made by the directors were

(i) The company will make sufficient profits to utilise the deferred tax asset of £91,000 (2020 - £294,000) in the foreseeable future. In the event that trading conditions deteriorate this balance may need to be impaired.

(ii) No impairment of fixed assets is necessary due to the anticipated return to profitability in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (continued)**2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

(iii) Full provision has been made for the reverse charge VAT of £203,000, arising in Europe in the last quarter of the year, due to the uncertainty of recovery.

3. SEGMENT INFORMATION

The table below shows total sales on a worldwide basis, for each of the Company's geographical areas. The company has only one class of business.

	2021 £000	2020 £000
United Kingdom	4,532	5,497
Europe	4,812	5,827
Rest of the world	910	1,469
	10,254	12,793
Sales to group companies:-		
North America	3,560	4,184
Germany	97	-
	13,911	16,977

4. DIRECTORS' EMOLUMENTS

The following charges are made in the financial statements:

	2021 £000	2020 £000
Salary payments (including benefits in kind)	623	675

Retirement benefits were not accruing to any director (2020 – nil).

Fees and other emoluments include amounts paid to the highest paid director:

	2021 £000	2020 £000
Salary payments, benefits in kind and annual incentives	411	410

NOTES TO THE FINANCIAL STATEMENTS (continued)**5. EMPLOYEE INFORMATION**

(a) The average number of persons employed by the company (including executive directors) during the year is analysed below:

	2021	2020
	No.	No.
Production and warehousing	28	34
Selling and distribution	31	38
Administration	28	34
	87	106

(b) Company employment costs – all employees including executive directors:

	2021	2020
	£000	£000
Wages and salaries	3,685	4,344
Social security costs	378	499
Other pension costs	138	167
	4,201	5,010

(c) Key management personnel comprise the directors of the company.

6. OTHER OPERATING INCOME

	2021	2020
	£000	£000
Government Coronavirus Job Retention Scheme grants received	510	-
CBIL interest grant	128	-
	638	-

7. INTEREST PAYABLE

	2021	2020
	£000	£000
Bank facilities	50	118
CBIL interest	128	-
Shareholder	29	-
Group balances	2	27
	209	145

NOTES TO THE FINANCIAL STATEMENTS (continued)**8. (LOSS)/PROFIT BEFORE TAXATION**

	2021	2020
	£000	£000
(Loss)/profit before taxation is stated after charging/(crediting):		
Cost of stocks recognised as an expense	6,614	8,388
Depreciation charge - owned assets	215	253
(Profit) on disposal of tangible fixed assets	(25)	(21)
Auditors' remuneration - statutory audit	30	38
Operating lease rentals - land & buildings	1,064	1,081
Waiver of inter-company loan	-	(1,936)
Exchange loss/(gain)	17	(13)

Remuneration during the year of the Company's auditors for non-audit services to the Company, was £30,000 (2020 - £11,000) in respect of taxation compliance and advisory fees.

NOTES TO THE FINANCIAL STATEMENTS (continued)**9. TAXATION ON (LOSS)/PROFIT**

	2021	2020
	£000	£000
Analysis of tax charge		
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	174	(34)
Total deferred tax charge/(credit)	174	(34)
Tax charge/(credit) on loss on ordinary activities	174	(34)

The actual tax charge for the current and previous year end varies with the standard rate for the reasons set out in the following reconciliation:

	2021	2020
	£000	£000
(Loss)/profit on ordinary activities before tax	(106)	1,445
Tax on (loss)/profit on ordinary activities at standard rate of 19% (2020 - 19%)	(20)	275
Factors affecting the tax charge for the year:		
Expenses not deductible for tax purposes	-	5
Fixed asset timing difference	35	(7)
Group relief surrendered	-	6
Permanent differences	3	(365)
Adjustment in respect of tax losses	156	52
Tax charge for the year	174	(34)

The tax recovery recognised directly in other comprehensive income comprises:

	2021	2020
	£000	£000
Deferred taxation in respect of forward currency hedging	(29)	20

NOTES TO THE FINANCIAL STATEMENTS (continued)**10. TANGIBLE FIXED ASSETS**

	Short leasehold properties £000	Plant, equipment & fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
At 1 April 2020	409	1,355	392	904	3,060
Additions	17	26	98	74	215
Disposals	(30)	(19)	(103)	(7)	(159)
At 31 March 2021	396	1,362	387	971	3,116
Accumulated depreciation					
At 1 April 2020	286	1,175	319	803	2,583
Charge for the year	28	91	42	54	215
Disposals	(28)	(17)	(103)	(7)	(155)
At 31 March 2021	286	1,249	258	850	2,643
Net book value 31 March 2021	110	113	129	121	473
Net book value 31 March 2020	123	180	73	101	477

NOTES TO THE FINANCIAL STATEMENTS (continued)**11. INVESTMENTS**

Subsidiary companies	£000
At 1 April 2020	462
Share capital of Osborne & Little Europe GmbH	22
At 31 March 2021 - cost and net book value	484

The principal subsidiary companies are shown below:

Tamesa Fabrics Limited:-

Country of incorporation and operation	England and Wales
Class of capital	Ordinary shares held 100% directly Preference shares held 100% directly
Business	Holding company
Registered office address	Riverside House, 26 Osiers Road, London SW18 1NH UK

Osborne & Little Inc

Country of incorporation and operation	United States of America
Class of capital	Common stock held 100% indirectly by Tamesa Fabrics Limited
Business	Furnishing fabrics and wallpapers distribution
Registered office address	90 Commerce Road, Stamford, Connecticut, 06902, USA.

Osborne & Little Europe GmbH

Country of incorporation and operation	Germany
Class of capital	Ordinary shares held 100% directly
Business	Furnishing fabrics and wallpapers distribution
Registered office address	Theodorstrasse 105, 40472 Düsseldorf, Germany.

12. STOCK

	2021 £000	2020 £000
Finished goods and goods for resale	6,026	6,560
Allowance for estimated irrecoverable amounts of stock	(1,002)	(761)
Net stock	5,024	5,799

NOTES TO THE FINANCIAL STATEMENTS (continued)**13. DEBTORS**

	Note	2021 £000	2020 £000
Gross trade debtors		1,605	1,738
Allowance for estimated irrecoverable trade debtors		(38)	(69)
Net trade debtors		1,567	1,669
Group companies		875	453
Deferred tax	16	91	294
Forward currency contracts		15	-
Other debtors		224	164
Prepayments and accrued income		290	319
		3,062	2,899

Other than the deferred tax balance, which is expected to be recovered after more than one year, all debtor balances fall due within one year.

Amounts due from group companies are unsecured and interest free.

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for future foreign currency commitments. At 31 March 2021, the fair value of the forward foreign currency contracts was an asset of £15,000 (2020 - liability of £139,000). All of the outstanding contracts mature within 12 months (2020 - 11 months).

NOTES TO THE FINANCIAL STATEMENTS (continued)**14. CREDITORS: amounts falling due within one year**

	2021	2020
	£000	£000
Invoice and inventory financing	1,194	3,520
Coronavirus business interruption loan	600	-
Forward currency contracts	-	139
Other taxes and social security costs	115	121
Trade creditors	1,715	1,578
Group companies	1,776	750
Loan from shareholder	640	640
Accruals and deferred income	1,201	632
	7,241	7,380

The invoice financing facility agreement was limited to £2,900,000 with a discounting charge of 2.51% over base rate. The whole facility was not required and on 5 November 2021 a new facility agreement was entered into limited to £1,250,000 with a discounting charge at base rate plus a discounting margin of 2.2% per annum. The facility agreement can be ended by either party with not less than six months notice.

The stock financing facility agreement was also limited to £2,900,000 with interest of 2.75% per annum over base rate. The whole facility was not required and on 5 November 2021 it was changed to a facility of £1,500,000 at an interest rate of 2.5% per annum over base rate. The facility can be ended by either party with not less than six months notice.

There are also facilities for documentary credits of £250,000, forward exchange contracts of USD1.5 million and guarantees of £120,000.

The security for the financing facilities and other bank facilities consists of:

- (a) a debenture comprising fixed and floating charges over all assets and undertakings of Osborne & Little Limited;
- (b) an unlimited cross-guarantee in relation to the group banking facilities with all UK companies in the group;
- (c) guarantees given by Sir Peter Osborne, director and parent company shareholder, amounting to £515,000 of which £110,000 relates to the Coronavirus Business Interruption Loan, CBIL.

Loans given by Sir Peter Osborne, director and parent company shareholder, amounted to £640,000 of which £500,000 was subordinated. The subordinated total increased to £640,000 in May 2020 following the granting of the CBIL. Since April 2021, £330,000 has been repaid to Sir Peter Osborne, leaving a balance due of £310,000.

The CBIL of £3.5 million was interest free in its first year. Thereafter interest was charged at 4% over base rate. The capital repayments of £60,000 per month were effective from June 2021 for a five year term. On 4 August 2021 the Group repaid £1.35 million of the loan and another early repayment of £0.5m was made on 21 October 2021. The capital repayments reduced to £27,225 per month from 11 November 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)**15. CREDITORS: amounts falling due after one year**

	2021	2020
	£000	£000
Coronavirus business interruption loan	3,000	-

There were no covenant breaches on this loan in the year.

16. DEFERRED TAX

	2021	2020
	£000	£000
At 1 April	294	240
(Charge)/credit to the Income Statement	(174)	34
(Charge)/credit to other Comprehensive Income	(29)	20
At 31 March	91	294
Deferred taxation asset as follows:		
Fixed asset timing differences	-	126
Arising on hedging reserve	3	27
Tax losses	88	141
Deferred taxation included in current assets	91	294

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences where the directors believe it is probable that the assets are recoverable in the foreseeable future.

The value of tax losses not recognised was £2,562,000 (2020 - £1,257,000).

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate had not been substantively enacted at the balance sheet date. As a result deferred tax balances as at 31 March 2021 continue to be measured at 19%. If all of the deferred tax asset was to reverse at the amended rate the effect on the closing deferred tax position would be to increase the deferred tax asset by approximately £29,000.

17. SHARE CAPITAL

	Ordinary shares of 5p	£
Allotted, called up and fully paid		
At 31 March 2021 and 2020	6,027,427	301,371

NOTES TO THE FINANCIAL STATEMENTS (continued)**18. OPERATING LEASE COMMITMENTS**

At 31 March 2021 the company had total commitments under non-cancellable operating leases as follows:-

	2021		2020	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Within one year	1,117	-	1,074	-
Within two to five years	3,918	-	4,122	-
Over five years	2,597	-	3,516	-
	7,632	-	8,712	-

19. COMMITMENTS

At 31 March 2021 the company had synthetic forward currency contracts to sell US dollars of £2,622,861 (2020 - £3,390,614) at an average rate of GBP1:USD1.37 (2020 - GBP1:USD1.30).

20. RELATED PARTY TRANSACTION

The directors have taken advantage of the exemption provided by Section 33 of FRS 102 and have therefore not disclosed transactions with wholly owned entities which form part of the group headed by Osborne & Little Group Limited.

Loans given by Sir Peter Osborne, director and parent company shareholder, amounted to £640,000 of which £500,000 was subordinated at 1 April 2020. The subordinated total increased to £640,000 in May 2020 following the granting of the CBIL. Since April 2021, £330,000 has been repaid to Sir Peter Osborne, leaving a balance due of £310,000. Interest at 4.5% per annum is charged on the outstanding amount.

21. ULTIMATE CONTROLLING PARTY

The ultimate holding company is Osborne & Little Group Limited, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the Osborne & Little Group Limited consolidated financial statements can be obtained from the Company Secretary at Osborne & Little Group Limited, Riverside House, 26 Osiers Road, London, SW18 1NH.

The ultimate controlling party is Sir Peter Osborne.