Registration Number: 00923748

OSBORNE & LITTLE LIMITED

REPORT AND ACCOUNTS

Year ended 31 March 2023

ANNUAL REPORT
for the year ended 31 March 2023

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	923748
AUDITORS	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA United Kingdom
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 2023

1. INTRODUCTION

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

The directors report a profit before tax of £118,000 (2022 - loss of £132,000).

2. BUSINESS REVIEW

Trading in the year started well but then the unsettled situation in Europe contributed towards increased inflation to double figures, substantial energy cost increases, base rate interest rises, in the UK going from 0.75% at the start of the financial year and ending at 4.25% and have increased further since. This has also had an impact on the property market which has slowed down. The cost of living increase has applied to all main markets and especially those in the UK and Europe. Sales were £14,759,000 down by under one percent on the previous year of £14,863,000.

The gross profit of £5,604,000 was 38% of sales compared with 41% in the previous year (2022 - £6,133,000). The costs from suppliers increased significantly during the year and together with the mix of sales changing geographically resulted in a lower margin. The company increased new collections following the quieter trading years of Covid and the sampling related to the new launches also affected the margin.

The net borrowings increased from £115,000 at the start of the financial year to £1,340,000 at the end. The movement of £1,225,000 included repayments of the CBIL and loan to the shareholder amounting to £759,000. The balance of £466,000 was primarily used to pay creditors and a group company.

The net assets of the company on 31 March 2023 were £3,937,000 (2022 - £3,819,000).

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, service and related distribution costs.

STRATEGIC REPORT (continued)

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.

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.

Interest rate risk

At 31 March 2023 the company's net borrowing was £1,340,000 (2022 - net borrowing of £115,000). Borrowings are 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 overseas subsidiaries operating in the US and Germany. 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 US dollar currency transaction exchange risk by the use of forward contracts covering between 40% and 70% of the forecast exchange exposures. The German subsidiary's turnover is in euros most of which is used to pay suppliers of goods and expenses. There is limited exposure.

STRATEGIC REPORT (continued)

At 31 March 2023 the company did not have outstanding synthetic forward currency contracts (2022 - nil). During the year the company entered into synthetic forward currency contracts of £6.8 million at an average rate of GBP1:USD1.28 until 31 March 2023 in respect of its actual and forecast currency transaction exposures.

About 30% of the company's sales are to countries other than the UK and North America, including 23% 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.

5. KEY PERFORMANCE INDICATORS

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

Commentary on sales and profit before tax are included under Business Review.

The gross margin was 38% (2022 - 41%).

Stock turnover decreased to 140 days (2022 - 143 days) following careful control.

Operating expenses reduced by £785,000 from £6,169,000 in the previous year to £5,384,000 again with careful control.

Outlook

Sales in the first six months ended 30 September 2023 reduced by 11% over the same period of the previous year.

By Order of the Board

Peter Soar, FCA
COMPANY SECRETARY
London
19 December 2023

REPORT OF THE DIRECTORS
for the year ended 31 March 2023

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

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 (2022 - nil).

4. GOING CONCERN

The company started the financial year with a Coronavirus Business Interruption Loan, CBIL, of £1,361,000 and had cash in the bank of £1,370,000. During the financial year ended 31 March 2023, the company made early repayments of £338,000 and as at the year end after including normal monthly repayments, the CBIL was £742,000.

There is a financial covenant on the CBIL, adjusted group net cash from operating activities less dividends, net capital expenditure and taxation for the rolling twelve months, established quarterly, shall not be less than 120% of existing/proposed bank and non-bank debt repayments and interest paid for that accounting reference period. Profit before interest and tax will not fall below a figure equal to 400% of the aggregate of interest charges and interest element of finance leases, in any accounting period.

The company has other banking facilities including a stock facility of £1,500,000 and an invoice finance facility of £1,250,000. At the end of the year the company had unutilised and therefore available facilites of £935,000 and cash in the bank of £434,000.

The company operates under certain bank covenants, which includes maintaining net assets above £1,900,000. At 31 March 2023, net assets were £3,937,000. The company has since traded at a loss. As at the date of approval of these financial statements, the net asset compliance covenant is being satisfied.

REPORT OF THE DIRECTORS (continued)

4. GOING CONCERN (continued)

The banking facilities operate under certain covenants. The stock facility requires the group consolidated net assets to be maintained at £3,000,000, excluding a subordinated directors' loan of £170,000. As at 31 March 2023 consolidated net assets, having excluded the directors loan, were £4,223,000. The group has traded at a loss since the year end. The directors are confident that the net asset threshold is currently being met and will continue to be met until at least 31 December 2024.

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.

5. POST BALANCE SHEET EVENT

In the quarter ended 30 June 2023, the company breached its CBIL financial covenant with HSBC bank relating to minimum net cash from operating activity. The company received a letter from HSBC bank on 23 August 2022 confirming that no further action will be taken on account of a breach. In October 2022, Osborne & Little Limited secured an agreement with HSBC bank to waive the minimum net cash from the operating activity covenant until 31 March 2024. It also included a Minimum Available Liquidity of no less than £1,200,000. On 1 November 2023 HSBC advised that the stock facility of £1,500,000 is to be replaced by a trade facility of the same amount. The existing tests of the financial covenants will be removed until the end of March 2024 and that a revised headroom threshold of £500,000 will replace the £1,200,000. From April 2024 HSBC will implement the same structure as previously but will be based on earnings before interest, tax, depreciation and allowances and linked to forecasts prepared by the company. The net asset covenants under the stock facility of £1,900,000 for the company and £3,000,000 for the group will no longer apply when the stock facility is replaced.

6. DEEDS OF INDEMNITY

As at the date of this report, indemnities are in force under which the company has agreed to indemnify the directors, to the extent permitted by law and the company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company.

REPORT OF THE DIRECTORS (continued)

7. DIRECTORS

The directors listed on page 2 have held office during the year ended 31 March 2023. 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 Peter Soar and Felicity Osborne who, being eligible, offer themselves for re-election.

8. FINANCIAL RISK FACTORS

The consideration of the key financial risk factors is contained in the strategic report on pages 3 to 5.

9. 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

Peter Soar, FCA
COMPANY SECRETARY
London
19 December 2023

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 on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its 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.

We have audited the financial statements of Osborne & Little Limited ("the Company") for the year ended 31 March 2023 which comprise Income Statement, Statement of Comprehensive Income, Statement of Financial Position, 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).

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, 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 in relation to which 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, 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 design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, etc.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation etc.

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

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be risk due to improper revenue recognition, fraud risk regarding management override of controls, revenue recognition (cut off) and valuation of stock.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias ;
- Perform audit procedures that specifically address the identified fraud risk in revenue ;
- Tests to confirm that revenue is not recognised in the incorrect financial year and
- Attending a physical inventory count, testing the stock ageing and consider if an adequate provision is made for obsolete and slow moving stock.

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

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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:
Owen Pettifor
823F4A29B9CA448...

Owen Pettifor, Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
2 City Place, Beehive Ring Road,
Gatwick, West Sussex.
RH6 0PA
United Kingdom

20 December 2023

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

INCOME STATEMENT

for the year ended 31 March 2023

	Note	2023 £000	2022 Restated £000
Turnover	3	**14,759**	14,863
Cost of sales		**(9,155)**	(8,730)
Gross profit		**5,604**	6,133
Operating expenses		**(5,384)**	(6,169)
Other operating income	6	**-**	51
Operating profit		**220**	15
Interest payable	7	**(102)**	(147)
Profit/(loss) before taxation	8	**118**	(132)
Taxation charge	9	**-**	(91)
Proft/(loss) after taxation		**118**	(223)
Dividend received from subsidiary		**-**	1,327
Profit for the year		**118**	1,104

STATEMENT OF COMPREHENSIVE INCOME

	Note	2023 £000	2022 £000
Profit for the financial year		**118**	1,104
Cash flow hedges: reversal of prior year		**-**	(15)
Cash flow hedges: arising in the year		**-**	-
Other comprehensive (loss) in the year before tax		**-**	(15)
Income tax relating to components of other comprehensive income	9	**-**	-
Other comprehensive (loss) for the year (net of tax)		**-**	(15)
Total comprehensive income for the financial year		**118**	1,089

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.

STATEMENT OF FINANCIAL POSITION
31 March 2023

	Note	2023 £000	2022 £000
Non-current assets			
Fixed assets	10	**308**	422
Investments	11	**484**	484
		792	906
Current assets			
Stock	12	**5,647**	5,809
Debtors	13	**3,014**	4,000
Cash and cash equivalents		**434**	1,370
		9,095	11,179
Creditors: amounts falling due within one year	14	**(5,448)**	(7,232)
Net current assets		**3,647**	3,947
Total assets less current liabilities		**4,439**	4,853
Creditors: amounts falling due after one year	15	**(502)**	**(1,034)**
Net assets		**3,937**	**3,819**
Capital and reserves			
Called up share capital	17	**301**	301
Share premium account		**795**	795
Capital redemption reserve		**61**	61
Hedging reserve		**-**	-
Profit and loss account		**2,780**	2,662
Shareholders' funds		**3,937**	3,819

The financial statements were approved by the board of directors on 19 December 2023 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

STATEMENT OF CHANGES IN EQUITY
31 March 2023

	Share capital £000	Share premium £000	Capital redemp- tion reserve £000	Hedging reserve £000	Profit & loss account £000	Total £000
At 1 April 2021	301	795	61	15	1,558	2,730
Profit for financial year	-	-	-	-	1,104	1,104
Other comprehensive income:-						
Currency hedges	-	-	-	(15)	-	(15)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
At 31 March 2022	301	795	61	-	2,662	3,819
Profit for financial year	-	-	-	-	118	118
Other comprehensive income:						
Currency hedges	-	-	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
At 31 March 2023	**301**	**795**	**61**	**-**	**2,780**	**3,937**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

1. 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.

The company has taken advantage of the disclosure exemption referring to the statement of cash flows and related notes in preparing these financial statements as permitted by FRS 102.

(c) Going concern

The company started the financial year with a Coronavirus Business Interruption Loan, CBIL, of £1,361,000 and had cash in the bank of £1,370,000. During the financial year ended 31 March 2023, the company made early repayments of £338,000 and as at the year end after including normal monthly repayments, the CBIL was £742,000.

There is a financial covenant on the CBIL, adjusted group net cash from operating activities less dividends, net capital expenditure and taxation for the rolling twelve months, established quarterly, shall not be less than 120% of existing/proposed bank and non-bank debt repayments and interest paid for that accounting reference period. Profit before interest and tax will not fall below a figure equal to 400% of the aggregate of interest charges and interest element of finance leases, in any accounting period.

The company has other banking facilities including a stock facility of £1,500,000 and an invoice finance facility of £1,250,000. At the end of the year the company had unutilised and therefore available facilites of £935,000 and cash in the bank of £434,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(c) Going Concern (continued)

The company operates under certain bank covenants, which includes maintaining net assets above £1,900,000. At 31 March 2023, net assets were £3,937,000. The company has since traded at a loss. As at the date of approval of these financial statements, the net asset compliance covenant is being satisfied.

The banking facilities operate under certain covenants. The stock facility requires the group consolidated net assets to be maintained at £3,000,000, excluding a subordinated directors' loan of £170,000. As at 31 March 2023 consolidated net assets, having excluded the directors loan, were £4,223,000. The group has traded at a loss since the year end. The directors are confident that the net asset threshold is currently being met and will continue to be met until at least 31 December 2024.

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:

Short leaseholds	Over the life of the lease
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 accumulated impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(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.

(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.

(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.

(s) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 judgement made by the directors was that no impairment of fixed assets is necessary due to the anticipated return to profitability in the foreseeable future.

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.

	2023	2022
	£000	£000
United Kingdom	**5,286**	5,550
Europe	**545**	653
Rest of the world	**1,052**	1,074
	6,883	7,277
Sales to group companies:		
North America	**5,088**	4,565
Germany	**2,788**	3,021
	14,759	14,863

4. DIRECTORS' EMOLUMENTS

The following charges are made in the financial statements:

	2023	2022
	£000	£000
Salary payments (including benefits in kind)	**770**	816

Retirement benefits were not accruing to any director (2022 – nil).

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

	2023	2022
	£000	£000
Salary payments, benefits in kind and annual incentives	**500**	521

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:

	2023	2022
	No.	No.
Warehousing	23	25
Selling and distribution	30	34
Administration	28	28
	81	87

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

	2023	2022
	£000	£000
Wages and salaries	3,492	3,569
Social security costs	433	404
Other pension costs	144	145
	4,069	4,118

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

6. OTHER OPERATING INCOME

	2023	2022
	£000	£000
Government Coronavirus Job Retention Scheme grants received	-	22
CBIL interest grant	-	29
	-	51

7. INTEREST PAYABLE

	2023	2022
	£000	£000
Bank facilities	27	16
CBIL interest	62	104
Shareholder	10	20
Group loans	3	7
	102	147

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. PROFIT/(LOSS) BEFORE TAXATION

	2023	2022
	£000	£000
Profit/(loss) before taxation is stated after charging/(crediting):		
Cost of stocks recognised as an expense	**8,096**	8,047
Depreciation charge - owned assets	**180**	209
Profit on disposal of tangible fixed assets	**(5)**	(38)
Auditors' remuneration - statutory audit	**45**	40
Operating lease rentals - land & buildings	**1,030**	1,046
Exchange loss	**433**	67

Remuneration during the year of the Company's auditors for non-audit services to the Company, was £19,854 (2022 - £46,553) in respect of taxation compliance and advisory fees.

9. TAXATION ON PROFIT

	2023	2022
	£000	£000
Analysis of tax charge		
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	-	91
Total deferred tax charge	-	91
Tax charge on loss on ordinary activities	-	91

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:

	2023	2022
	£000	£000
Profit/(loss) on ordinary activities before tax	**118**	(132)
Tax on loss on ordinary activities at standard rate of 19% (2022 - 19%)	**22**	(25)
Factors affecting the tax charge for the year:		
Fixed asset timing difference	-	3
Permanent differences	**2**	1
Adjustment in respect of tax losses	**(24)**	112
Tax charge for the year	-	91

NOTES TO THE FINANCIAL STATEMENTS (continued)

The tax recovery recognised directly in other comprehensive income comprises:

	2023	2022
	£000	£000
Deferred taxation in respect of forward currency hedging	-	-

10. TANGIBLE FIXED ASSETS

	Short leasehold properties	Plant, equipment & fittings	Motor vehicles	Computer equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	396	1,128	386	979	2,889
Additions	-	18	24	24	66
Disposals	-	(424)	(19)	(14)	(457)
At 31 March 2023	396	722	391	989	2,498
Accumulated depreciation					
At 1 April 2022	315	1,075	182	895	2,467
Charge for the year	29	35	73	43	180
Disposals	-	(424)	(19)	(14)	(457)
At 31 March 2023	344	686	236	924	2,190
Net book value 31 March 2023	**52**	**36**	**155**	**65**	**308**
Net book value 31 March 2022	81	53	204	84	422

The security for the financing facilities and other bank facilities consists of fixed and floating charges over all assets and undertakings of Osborne & Little Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVESTMENTS

Subsidiary companies	£000
At 1 April 2022 and 31 March 2023 - 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

	2023	2022
	£000	£000
Finished goods and goods for resale	**6,867**	7,034
Allowance for estimated irrecoverable amounts of stock	**(1,220)**	(1,225)
Net stock	**5,647**	5,809

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. DEBTORS

	Note	2023 £000	2022 £000
Gross trade debtors		**960**	1,032
Allowance for estimated irrecoverable trade debtors		**(34)**	(40)
Net trade debtors		**926**	992
Group companies		**1,674**	1,723
Deferred tax	17	**-**	-
Forward currency contracts		**-**	-
Other debtors		**92**	920
Prepayments and accrued income		**322**	365
		3,014	4,000

Amounts due from group companies are unsecured. Interest is charged to Osborne & Little Europe GmbH from at 1.5% over the 12 months Euribor rate.

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for future foreign currency commitments. At 31 March 2023, there were no outstanding contracts (2022 - Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. CREDITORS: amounts falling due within one year

	2023	2022
	£000	£000
Invoice and inventory financing	**1,032**	124
Coronavirus business interruption loan	**240**	327
Other taxes and social security costs	**125**	117
Trade creditors	**1,718**	3,057
Group companies	**1,611**	2,356
Loan from shareholder	**170**	310
Accruals and deferred income	**552**	941
	5,448	7,232

The invoice financing facility agreement was 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 limited to £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 were 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) a legal assignment of contract monies;

(d) guarantees given by Sir Peter Osborne, director and parent company shareholder, amounting to £375,000.

The subordinated loan given by Sir Peter Osborne increased to £640,000 in May 2020 following the granting of the CBIL. Since April 2021, £470,000 has been repaid to Sir Peter Osborne, leaving a balance due at 31 March 2023 of £170,000.

The CBIL of £3.6 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 £1,350,000 of the loan and another early repayment of £500,000 was made on 21 October 2021. Further early repayments on 8 June 2022 of £83,000 and 17 October 2022 of £255,000. The capital montly repayments from 22 November 2022 are £19,529.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. CREDITORS: amounts falling due after one year

	2023	2022
	£000	£000
Coronavirus business interruption loan	502	1,034

HSBC bank agreed in August 2023 that no default occurred under the Facility Letter by reason of the breach of the financial covenant to ensure that profit before interest and tax will remain equal to 400% of the aggregate of the interest charges. In November 2023 HSBC proposed to change the Stock facility into a Trade facility. The revised thresholds until the end of March 2024 will be based on headroom of £500,000. Thereafter there will be covenants based on EBITDA initially for the three months to the end of June 2024 and then ramping up each quarter until the end of March 2025.

16. DEFERRED TAX

	2023	2022
	£000	£000
At 1 April	-	91
(Charge) to the Income Statement	-	(91)
(Charge) to other Comprehensive Income	-	-
At 31 March	-	-
Deferred taxation asset as follows:		
Arising on hedging reserve	-	-
Tax losses	-	-
Deferred taxation included in current assets	-	-

Deferred tax assets are 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 £3,227,799 (2022 - £3,171,403).

17. SHARE CAPITAL

	Ordinary shares of 5p	£
Allotted, called up and fully paid		
At 31 March 2023 and 2022	**6,027,427**	**301,371**

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. OPERATING LEASE COMMITMENTS

At 31 March 2023 the company had total commitments under non-cancellable operating leases as follows:-

	2023 Land and buildings	2022 Land and buildings
	£000	£000
Within one year	1,009	1,117
Within two to five years	3,057	3,702
Over five years	426	1,696
	4,492	6,515

19. COMMITMENTS

At 31 March 2023 the company did not have outstanding synthetic forward currency contracts (2022 - nil). During the year the company entered into synthetic forward currency contracts of £6.8 million at an average rate of GBP1:USD1.28 until 31 March 2023 in respect of its actual and forecast currency transaction exposures.

20. POST BALANCE SHEET EVENT

In the quarter ended 30 June 2023, the company breached its CBIL financial covenant with HSBC bank relating to minimum net cash from operating activity. The company received a letter from HSBC bank on 23 August 2022 confirming that no further action will be taken on account of a breach. In October 2022, Osborne & Little Limited secured an agreement with HSBC bank to waive the minimum net cash from the operating activity covenant until 31 March 2024. It also included a Minimum Available Liquidity of no less than £1,200,000. On 1 November 2023 HSBC advised that the stock facility of £1,500,000 is to be replaced by a trade facility of the same amount. The existing tests of the financial covenants will be removed until the end of March 2024 and that a revised headroom threshold of £500,000 will replace the £1,200,000. From April 2024 HSBC will implement the same structure as previously but will be based on earnings before interest, tax, depreciation and allowances and linked to forecasts prepared by the company. The net asset covenants under the stock facility of £1,900,000 for the company and £3,000,000 for the group will no longer apply when the stock facility is replaced.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. 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, outstanding at 1 April 2022 were £310,000 of which £140,000 was repaid during the year, leaving a balance outstanding of £170,000 on 31 March 2023. Interest at 4.5% per annum was charged on the outstanding amount.

22. 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.