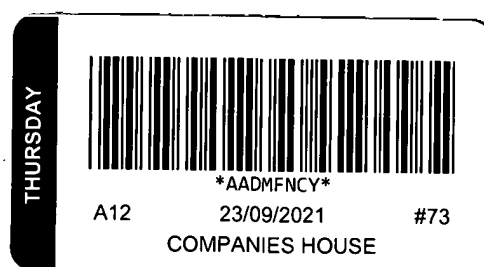


Registered number: 00936239

TETRAD LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



TETRAD LIMITED

COMPANY INFORMATION

Directors	G Lasham J D Meltham C Fletcher J Cooper S Allan-Harding S Masson
Company number	00936239
Registered office	Hartford Mill Swan Street Preston PR1 5PQ
Auditor	BDO LLP 2 Snowhill Birmingham B4 6GA
Bankers	Virgin Money 137 New Street Birmingham B2 4NS
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

TETRAD LIMITED

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TETRAD LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic Report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the Company continued to be that of the manufacture and wholesale of upholstered furniture, selling to both large and small retailers principally in the UK and Europe.

Business review

2020 started well for the Company, with encouraging progress in the first quarter. However, in common with most of the industry that supports retailers, particularly physical retailers, COVID-19 has had a detrimental effect on the business in 2020. The business was unable to operate for 3 months of the year and had to operate cautiously when it re-opened, to ensure safe ways of working were embedded in the business. After returning, Covid had a further impact on the business in terms of absenteeism, which caused inefficiencies and constrained output. The Company thus recorded a turnover of £11.0 million for the year compared to a level of £15.8 million for the 2019 year.

Despite the closure period, the upholstery market remained very competitive during the year with consumers continuing to search for well designed, quality products. The reduction in turnover of £4.8 million (30.7%) year on year reflects the Covid induced closure, but demand from customers continued throughout closure, leading to a healthy order book at the end of 2020 which augurs well for 2021.

The Company recorded an operating loss of £1.7 million (15.4%) for the year compared to a level of £0.1 million profit (0.7%) for the 2019 year. The Company benefitted from furlough support of £1.1m in the year.

Key performance indicators (KPI's) include the levels of gross profit and net profit achieved during the year in addition to wage levels and productivity. During the year, the KPI's have been rendered irrelevant due to the impact of Covid on operations – next year comparison to 2019 will be made in this report. Total payroll costs decreased by £0.4m (5.9%) from 2019 to the current year.

The Company continues to use a range of well-established and appropriate KPI's to manage the business, both from a quantitative and qualitative perspective. The key KPI's include turnover, gross margin and operating profit as referred to above.

There remains limited uncertainty around further impact from Brexit on demand and on imported materials; the Company will respond and implement appropriate measures to protect the Company's best interests in this regard in the future.

The Company is committed to achieving high environmental standards and has a continuing program to reduce its carbon footprint. The Company achieved 100% of production generated waste (2019 – 100%) being recycled during the year.

The position of the Company at December 2020 shows an impact from Covid driven closures, but cash has been maintained at a similar level to 2019. The Company continues to operate as part of the Group and well within the available consolidated bank facilities which were renewed during the year.

After taking account of the impact of Covid on the business, the Directors are satisfied with performance during the year.

Risks and uncertainties

In 2020, the global economy has been deeply hit by COVID-19. The closure of customers' retail stores and disruptions to the supply chain have significantly impacted business. To mitigate the financial impact, the Company has, wherever appropriate, accessed the UK government's financial support measures.

Actions have been taken to ensure the Company meets all government COVID-19 rules and guidance to manage the safety of our employees. A prompt response to any changes in government advice will be implemented as the various stages of the plan to defeat the virus develop further and the gradual release of lockdown measures takes place.

Please refer to Note 1 of the financial statements for further information of the actions and measures taken by the Company in response to COVID-19.

The Directors consider the other principal risks and uncertainties for the Company relate primarily to the performance of the UK consumer economy and the competitive nature of the markets in which it operates.

This report was approved by the Board on 11 May 2021 and signed on its behalf.


G Lasham
Director

TETRAD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020. The principal activity of the Company is explained in the Strategic Report on page 1.

Results and dividends

The loss for the year, after taxation, amounted to £1.4 million (2019 – £0.1 million profit).

No dividends have been declared or paid (2019 – £Nil).

Financial risk management

The Company's operations expose it to a number of financial risks that include the effects of changes in the market place, credit risk and liquidity risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company by monitoring such areas closely.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee. The policies and procedures, as set by the Board, are implemented by the Company and the Group's (Belfield Group Limited) central finance department wherever appropriate.

Foreign exchange risk

The Company is exposed to market prices for certain purchased materials. The wider group of which the Company is a part has appropriate facilities to hedge its exposure arising from the purchase of raw materials denominated in foreign currencies, where the exposure is not mitigated from export receipts received in local currencies.

Credit risk

The Company has implemented policies that require appropriate levels of credit check on potential customers before sales are made, in addition to having in place an insurance policy on UK activity to cover most losses arising from the insolvency or default of its customers.

Liquidity risk

The Company currently maintains short term debt finance that is designed to ensure the Company has sufficient funds available for operations, both in the short and medium term.

COVID-19

COVID-19 continues to present a potential risk to the Company, and the extent of any future impact remains uncertain. However, the experiences of the pandemic to date have enabled the business to take appropriate actions to address this and protect the viability of the Company. All necessary health and safety measures have been taken to mitigate the risk to employees and visitors.

Modern slavery act

The Company is committed to running its business responsibly and strives to maintain high ethical principles and to respect Human Rights. The Company has introduced several policies and practices to manage this which are contained within Tetrad Limited's web page.

Directors

The Directors who served during the year were:

G Lasham
J D Meltham
C Fletcher
P Sherliker (resigned 30 April 2021)
J Cooper
S Allan-Harding
S Masson

Qualifying third party indemnity provisions

During the year and up to the date of this report, directors' indemnity insurance was in place. This covers all qualifying directors.

TETRAD LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

Political and charitable donations

During the year the Company made charitable donations of £1,325 (2019 – £609).

Employee involvement

The Company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Disabled employees

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for returning employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Provision of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved, has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

This report was approved by the Board on 11 May 2021 and signed on its behalf.



G Lasham
Director

TETRAD LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors are responsible for preparing the Strategic report, the 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 these financial statements, the Directors are required to:

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TETRAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TETRAD 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 December 2020 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 Tetrad Limited ("the Company") for the year ended 31 December 2020 which comprise the Profit and loss account, Balance sheet and 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, 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.

TETRAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TETRAD 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 and 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.

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:

We obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding of the Company, sector experience and discussions with management. Our enquiries of management included obtaining and reviewing supporting documentation concerning the Company's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

TETRAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TETRAD LIMITED (continued)

Based on the understanding and knowledge gained we discussed amongst the engagement team, who undertook the audit testing, to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:

- management override of control; and
- revenue recognition, specifically the manipulation of revenue using fraudulent journals.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes and engagement with the Company's lawyers.
- We tested the appropriateness of accounting journals, and other adjustments made in the preparation of the financial statements. We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify and substantively test any which we considered were indicative of management override.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, 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.



Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK

Date: 11 May 2021

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

TETRAD LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £'000	2019 £'000
Turnover	3	10,959	15,817
Cost of sales		(8,700)	(11,081)
Gross profit		2,259	4,736
Selling and distribution costs		(916)	(1,080)
Administrative expenses		(3,698)	(3,468)
Exceptional costs	4	(390)	(93)
Other operating income	4	1,061	19
Operating (loss)/profit	4	(1,684)	114
Interest payable	8	(13)	(1)
(Loss)/profit on ordinary activities before taxation		(1,697)	113
Taxation on loss/profit from ordinary activities	9	318	(13)
(Loss)/profit on ordinary activities after taxation		(1,379)	100

There was no other comprehensive income for the year (2019 - £Nil).

The notes on pages 11 to 22 form part of these financial statements.


TETRAD LIMITED

Registered number: 00936239

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Intangible assets	11		221		305
Tangible fixed assets	12		450		359
			<hr/>		<hr/>
			671		664
Current assets					
Stocks	13	1,894		1,995	
Debtors	14	1,953		2,521	
Cash at bank and in hand		1,029		1,057	
		<hr/>		<hr/>	
		4,876		5,573	
Creditors: amounts falling due within one year	15	(4,393)		(3,749)	
		<hr/>		<hr/>	
Net current assets			483		1,824
			<hr/>		<hr/>
Total assets less current liabilities			1,154		2,488
Provisions for liabilities					
Deferred tax	16		(46)		(21)
Other provisions	17		(20)		-
			<hr/>		<hr/>
Net assets			1,088		2,467
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18		113		113
Share premium account			451		451
Capital redemption reserve			60		60
Profit and loss account			464		1,843
			<hr/>		<hr/>
Shareholders' funds			1,088		2,467
			<hr/>		<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 May 2021.



J D Meltham
Director

The notes on pages 11 to 22 form part of these financial statements.

TETRAD LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	113	451	60	1,743	2,367
Profit for the year	-	-	-	100	100
At 31 December 2019	113	451	60	1,843	2,467
At 1 January 2020	113	451	60	1,843	2,467
Loss for the year	-	-	-	(1,379)	(1,379)
At 31 December 2020	113	451	60	464	1,088

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The notes on pages 11 to 22 form part of these financial statements.

TETRAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Tetrad Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page. The nature of the Company's operations and its principal activity is outlined in the Strategic report.

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Company's accounting reference date is 31 December. It is the Company's policy to prepare financial statements for the accounting period to the nearest Saturday to this date. The accounting period covers 29 December 2019 to 2 January 2021.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present financial information about the Company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the risks, uncertainties, and impact of COVID-19 on business activities as set out below.

In 2020 the Directors have managed the Company through the unprecedented disruption arising from the COVID-19 pandemic. The initial focus was on the welfare of the employees of the Company and various measures remain in place to minimise the risk to them. In line with relevant government advice access to sites has been restricted and staff work from home if possible. In addition, onsite cleaning and hygiene procedures have been significantly enhanced. The Company re-opened in June 2020 to respond to encouraging levels of customer demand but has been carefully managed ensuring suitable safety measures such as social distancing are in place and all public health guidelines have been applied.

The directors are pleased with the way in which the stakeholders of the business have responded to the situation. Employees, the supply chain and customers have positively engaged with the Company during the lockdown period and the current trading performance of the Company is positive and ahead of expectations.

The Company is part of Group wide funding arrangements and therefore going concern assessment of the Company is considered by reference to the Group of which it is a part.

The directors have prepared a comprehensive forecasting model to review the different components of the Group up to December 2022. Various scenarios have been modelled including a slower trading recovery than expected based on current order take, and reduced trading caused by further unexpected disruption arising from COVID-19. The directors are satisfied that the Group has headroom in its existing committed facilities to respond to the various realistic downside sensitivities. During the year, the Group positively engaged with its bank funder and in August 2020, agreed an additional revolving credit facility of £3.75m committed until December 2021, to provide additional headroom. While the directors expect similar facilities to be available in December 2021, the current performance of the Group indicates this additional headroom will not be required.

Reverse stress testing has been carried out on the forecasting model and this process has identified that there is headroom in the committed facilities to respond to a further wave of the pandemic which results in similar measures as experienced to date. While the future impact of the pandemic is inherently difficult to quantify, the directors recognise it cannot be dismissed and are confident that based on the experience of the past twelve months the Group is well placed, and has sufficient headroom, to respond. The directors consider possibility of more extensive downside scenarios to be remote and are satisfied therefore that it is appropriate to prepare the financial statements on a going concern basis.

The following principal accounting policies have been applied:

TETRAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.2 Financial reporting standard 102 – reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A; and
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.

This information is included in the consolidated financial statements of Belfield Group Limited and Belfield Furnishings Limited as at 31 December 2020 and these financial statements may be obtained as described in note 22.

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes or duty. The following criteria must also be met before turnover is recognised:

Sale of goods

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

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

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	-	Over 4 years
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Amortisation begins when the intangible asset is in the location and condition necessary for it to be usable in the manner intended by management.

1.5 Tangible fixed assets and depreciation

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	-	4-50%	straight line
Furniture, fittings and equipment	-	4-50%	straight line
Motor vehicles - Cars	-	25%	straight line
Motor vehicles - Lorries	-	15%	straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

TETRAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

The company is exempt from preparing consolidated financial statements incorporating the dormant subsidiary listed in these financial statements on the basis that the subsidiary is immaterial and subject to a long-term restriction.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Stocks and work in progress

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.12 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Pensions

The Company operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other operating income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

TETRAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (continued)

1.17 Exceptional items

The Company classifies certain nonrecurring charges or credits that have a material impact on the Company's financial results as exceptional items. These are disclosed separately to provide further understanding of the financial performance of the Company.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Useful lives of tangible fixed assets

Depreciation is provided to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed, and should management's assessment of useful lives shorten, then depreciation charges in the financial statements would increase and carrying amounts of tangible fixed assets would reduce accordingly. The carrying amount of tangible fixed assets by each class is included in note 12.

Stock provisions

Stock provisions include obsolescence, slow moving and defective items which take into account the results from monthly stock counts and represent the expected write-down between the estimated net realisable value and original cost.

Exceptional costs

Exceptional costs are items considered to be of an unusual or nonrecurring nature and that have a material impact on the Company's financial results.

3. TURNOVER

	2020 £'000	2019 £'000
Turnover analysed by geographical market		
UK market	10,086	14,455
Other markets	873	1,362
	<u>10,959</u>	<u>15,817</u>

4. OPERATING (LOSS)/PROFIT

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

	2020 £'000	2019 £'000
Government grants – Coronavirus Job Retention Scheme	(1,061)	-
Government grants – other	-	(19)
Depreciation of owned tangible fixed assets	123	82
Profit on disposal of tangible fixed assets	(3)	(1)
Amortisation of intangible assets	102	90
Write-down of stocks recognised as an expense	117	92
Operating lease rentals – plant & machinery	151	130
Operating lease rentals – other	273	273
Exceptional redundancy costs	283	93
Exceptional bad debts	107	-
	<u> </u>	<u> </u>

TETRAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. AUDITOR'S REMUNERATION

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15	13
Fees payable to the Company's auditor and its associates in respect of: Other services relating to taxation	2	1
	<u>17</u>	<u>14</u>

6. STAFF COSTS

Staff costs including directors' remuneration were as follows:

	2020 £'000	2019 £'000
Wages and salaries	5,870	6,253
Social security costs	486	502
Other pension costs	94	99
	<u>6,450</u>	<u>6,854</u>

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

	2020 Number	2019 Number
Production	143	151
Sales and distribution	25	29
Administration	25	22
	<u>193</u>	<u>202</u>

7. DIRECTORS' REMUNERATION

	2020 £'000	2019 £'000
Emoluments (including benefits in kind)	464	447
Company pension contributions to defined contribution pension schemes	7	14

During the year retirement benefits were accruing to 5 directors (2019 - 5) in respect of defined contribution pension schemes.

HIGHEST PAID DIRECTOR

	2020 £'000	2019 £'000
Emoluments (including benefits in kind)	118	116
Company pension contributions to defined contribution pension schemes	1	6

TETRAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. INTEREST PAYABLE

	2020 £'000	2019 £'000
Other interest	13	1
	<u>13</u>	<u>1</u>

9. TAXATION

	2020 £'000	2019 £'000
Current tax (see note below)		
Group relief	(343)	(15)
Adjustments in respect of prior years	-	(3)
	<u>(343)</u>	<u>(18)</u>
Total current tax	(343)	(18)
Deferred tax (see note 16)		
Origination and reversal of timing differences	25	34
Adjustments in respect of prior years	-	(3)
	<u>25</u>	<u>31</u>
Tax on loss/profit on ordinary activities	(318)	13

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before tax	(1,697)	113
	<u>(1,697)</u>	<u>113</u>
Loss/(profit) on ordinary activities multiplied by the standard rate of corporation tax of 19% (2019 - 19%)	(322)	21
Effects of:		
Expenses not deductible for tax purposes	1	2
Adjustments in respect of prior years	-	(6)
Difference in tax rates	3	(4)
	<u>4</u>	<u>(4)</u>
Total tax (credit)/charge for the year (see note above)	(318)	13

Factors that may affect future tax charges

During 2020, the reduction in the UK corporation tax rate that was due to take effect from 1 April 2020 was cancelled and as a result, the rate has remained at 19%. This revised rate has been used in the calculation of the UK's deferred tax assets and liabilities as at 31 December 2020. The Spring Budget 2021 announced that the UK Corporation tax rate will increase to 25% from 1 April 2023.

TETRAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
Cost	
At 1 January 2020 and 31 December 2020	50
Impairment	
At 1 January 2020 and 31 December 2020	50
Net book value	
At 31 December 2020	-
	<hr/>
At 31 December 2019	-
	<hr/>

The Company holds a dormant subsidiary. The subsidiary is 100% ordinary share capital owned, Chinese registered entity, Shanghai Fabric Solution Co. Limited with registered office address No.118 Lane 2129 South Lianhua Road, Minhang District, Shanghai. The business is dormant with a Capital and reserves total of £50,000. This investment has been fully impaired to a nil value.

11. INTANGIBLE FIXED ASSETS

	Software £'000
Cost	
At 1 January 2020	401
Additions	18
	<hr/>
At 31 December 2020	419
	<hr/>
Amortisation	
At 1 January 2020	96
Amortisation charged for the year	102
	<hr/>
At 31 December 2020	198
	<hr/>
Carrying amount	
At 31 December 2020	221
	<hr/>
At 31 December 2019	305
	<hr/>

TETRAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. TANGIBLE FIXED ASSETS

	Plant and Machinery £000	Furniture, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2020	1,659	458	259	2,376
Additions	134	78	2	214
Disposals	(164)	-	-	(164)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	1,629	536	261	2,426
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2020	1,398	382	237	2,017
Charge for the year	74	40	9	123
Disposals	(164)	-	-	(164)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	1,308	422	246	1,976
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2020	321	114	15	450
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	261	76	22	359
	<hr/>	<hr/>	<hr/>	<hr/>

13. STOCKS

	2020 £'000	2019 £'000
Raw materials	1,363	1,455
Work in progress	308	251
Finished goods and goods for resale	223	289
	<hr/>	<hr/>
	1,894	1,995
	<hr/>	<hr/>

Raw materials stocks include £7,000 (2019 - £32,000) of goods in transit.

14. DEBTORS

	2020 £'000	2019 £'000
Trade debtors	1,722	2,060
Other debtors	80	213
Prepayments and accrued income	151	218
Corporation tax recoverable	-	30
	<hr/>	<hr/>
	1,953	2,521
	<hr/>	<hr/>

15. CREDITORS:

Amounts falling due within one year

2020 £'000	2019 £'000
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TETRAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Trade creditors	316	613
Amounts owed to group undertakings	1,518	1,020
Social security and other taxes	747	564
Other creditors	1,006	723
Accruals and deferred income	806	829
	<hr/>	<hr/>
	4,393	3,749
	<hr/>	<hr/>

Other creditors include amounts of £853,000 (2019 - £617,000) which are secured over the trade debts of the Company.

16. DEFERRED TAX

	2020 £'000	2019 £'000
At 1 January	(21)	10
Movement in the year	(25)	(31)
	<hr/>	<hr/>
At 31 December	(46)	(21)
	<hr/>	<hr/>

The deferred tax balance is made up as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	(52)	(24)
Other short-term timing differences	6	3
	<hr/>	<hr/>
	(46)	(21)
	<hr/>	<hr/>

17. OTHER PROVISIONS

	Dilapidations provision £'000
At 1 January 2020	-
Charged to the profit and loss	20
	<hr/>
At 31 December 2020	20
	<hr/>

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. The dilapidations provision is expected to be utilised at the end of the lease term for the properties concerned. The dilapidation provision is not subject to discounting as the effect is not material.

TETRAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. SHARE CAPITAL

	2020	2019
	£'000	£'000
Authorised, allotted, called up and fully paid		
113,291 Ordinary shares of £1 each	113	113

19. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £94,228 (2019 - £98,883). Contributions totalling £22,348 (2019 - £18,889) were payable to the fund at the balance sheet date and are included in creditors.

20. OPERATING LEASE COMMITMENTS

At 31 December, the Company had total commitments under non-cancellable operating leases as follows:

	Land and buildings 2020 £'000	Land and buildings 2019 £'000	Other 2020 £'000	Other 2019 £'000
Expiry date:				
Within 1 year	278	278	102	139
Between 2 and 5 years	1,263	1,219	38	86
After more than 5 years	498	821	-	-
	2,039	2,318	140	225

21. CONTINGENT LIABILITIES

The Company has given undertakings and cross guarantees in favour of the Groups bankers for all sums owing by Group companies, supported by a fixed and floating charge over the assets and undertakings of these companies. At the period end these contingent liabilities amounted to £11,305,556 (2019 - £11,687,500).

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of Belfield Furnishings Limited.

The ultimate parent undertaking is Belfield Group Limited. There is no ultimate controlling party.

The parent undertaking of the largest group for which consolidated accounts are prepared is Belfield Group Limited. The parent undertaking of the smallest group for which consolidated accounts are prepared is Belfield Furnishings Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.