

Hillarys Blinds Limited

**Annual report and financial
statements**

Registered number 01196432

31 December 2019

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Strategic report

Business Review

Hillarys Blinds Limited is a vertically integrated business specialising in the manufacture, sale and installation of window coverings in the UK market. The business operates an in-home design consultation model with customers choosing products in the comfort of their own home. The Board consider this to be a unique and highly effective model.

Objectives

The objective of the Company is to profitably increase market share within the window coverings market. This objective will be pursued whilst maintaining sound financial management and avoiding excess risks.

Key Business Strategies

To deliver the above objective the Company intends to continue to pursue the following core strategies that have successfully supported sales growth over recent years:

- Refining and expanding the window coverings product range in line with changing consumer tastes;
- Investing in visual content which support customers' desire to research products prior to purchase and give the group greater marketing reach; and
- Continued investment in improving customer service to drive higher levels of repeat business.

The Company also continues to seek operational efficiencies within sourcing, manufacturing and central support services in order to streamline business processes and improve customer service.

The above strategies are reviewed by the Board on a quarterly basis in light of trading performance to ensure they remain appropriate to achieve the Company's objective.

Key Performance Indicators

The Company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2019	2018 (restated)
	£000	£000
Revenue	162,699	165,899
Gross margin %	67.0%	68.7%
Profit before taxation	22,222	24,511

In addition to financial measures, the Board also monitors the Company's operations with the objective of ensuring that health and safety is at the core of all working practices. The Company employs a full time health and safety manager who co-ordinates a rolling programme of risk assessment, employee training and process improvement. The Board reviews the number of accident book entries and reportable accidents on a monthly basis. Performance during the year has been good and as far as the Board is aware, this is likely to be the case for the forthcoming year.

The Directors have ensured their compliance with their duties under s. 172 (1) in relation to the business and the stakeholders of the business. The Company's ultimate parent is Hunter Douglas NV, a Company with headquarters in the Netherlands; and the controlling parent inside the UK is Hunter Douglas UK Limited. The Company is part of the Hunter Douglas branded group with offices across the world. The directors of the business are engaged in the day to day management of the Company along with the management team; and engage regularly with the management boards of Hunter Douglas UK and Hunter Douglas NV. By doing so the directors can ensure that key decisions are made that meet the requirements of the group stakeholders.

Strategic report *(continued)*

Stakeholders

Our key stakeholders within the Group are our customers, employees, advisors, shareholders and suppliers. We are focussed on delivering high levels of service to our advisors, so that together we provide a first-class service to the Hillarys customer. Our employees are central to achieving the high standards of service which we strive to offer our customers. We recruit, train and motivate staff towards the ethos of continuously improving the service standards within the business.

Communication

We report in detail each month our trading performance, non-financial data and strategies to the supervisory board of the shareholders. This allows clear communication to ensure our strategies and decisions continue to align with the shareholders' vision. The supervisory board has the opportunity each month to directly engage with the Company's directors regarding performance and direction. We report regularly to and receive advice from Hunter Douglas NV on non-financial matters including environmental and social responsibility factors.

We encourage feedback from customers so that we can constantly improve on our services. Onsite review tools and social media are two methods we use to engage with customers and receive feedback.

Our employees are the cornerstone of the business and their well-being is of utmost importance. The Company has an 'open door' policy and encourages employees to communicate informally as well as formally through the policies in place to safeguard and protect the work force. The Board sees the continued involvement of their employees in the development and delivery of the Company's products and services as of critical importance to the future success of the Company and accordingly works hard to keep all staff informed of the progress and development of the business. The Company has invested behind improved communications channels and ongoing staff training and seeks to ensure that all employees and job applicants are afforded equal opportunity in all areas of employment. The Company values the contribution of all of its staff and as a result enjoys high levels of retention.

Key decisions

Key decisions taken by the board are made with reference to the impact these decisions will have on our stakeholders. We strive for a balance between commercial success and the longer term sustainability and satisfaction of our customers coupled with the welfare of our employees.

The strategic focus in 2019 was the continued revenue growth of the group with an increasing focus on identifying and delivering operational and supply chain efficiencies as part of the wider Hunter Douglas group. The strategies are presented to the shareholder supervisory board for approval and to ensure they fit with the overall strategies of Hunter Douglas NV.

In 2019 the Hillarys group focussed on organic growth.

The directors involve the senior management team in the strategic planning process to ensure engagement across the business. Senior managers are responsible for operational delivery of the majority of change initiatives within the Company whilst the directors maintain oversight of progress via regular steering committee reviews.

Risks and uncertainties

In response to COVID-19, the Company's primary focus has been to secure the ongoing commercial viability of the business whilst ensuring the health and safety of all staff and customers. The core business activity remains the manufacture, sale and installation of window coverings. However, the Company has had to adapt to these challenges against the backdrop of rapidly changing consumer behaviour and economic parameters of trading through a pandemic.

The Company rapidly developed and deployed COVID secure working practices for all our production staff and advisors visiting consumers' homes whilst also facilitating remote working for office staff wherever practically possible. Whilst global supply chains, logistics and production capacities remain stretched and overall consumer lead times are extended, detailed monitoring of all activity channels indicates that the business will have access to the necessary supplies to maintain operations.

Strategic report *(continued)*

Risks and uncertainties *(continued)*

The key risks of the Company and how these are managed are set out below. When reviewing these risks, the directors have also considered the impact of COVID-19 on each of them:

Changing consumer patterns of response to direct marketing campaigns by media type	Close monitoring of response rates by media coupled with a short term approach to marketing commitments.
Foreign exchange risk	Use of forward exchange contracts for \$ denominated purchases to provide short term protection whilst sales pricing is aligned to higher import costs.
Supply chain management and stock availability as consumer tastes evolve	Sophisticated demand forecasting models coupled with stock inventory management and close working relationships with key suppliers.
Capacity management across manufacturing and installation activities in order to uphold high service standards.	Sophisticated demand forecasting models coupled with a strategy of investing ahead of the demand curve.
Recruiting and retaining quality staff	Increased engagement with staff through the communication of strategic objectives coupled with increased investment in personal development programmes for middle management. The business is also working hard to increase its profile and showcase employment opportunities within the local market.
Brexit	The management team is closely monitoring the ongoing events related to 'Brexit' for any potential impact this may have on the business. Management is keeping up-to-date with the latest developments and where required action plans are being put in place specifically in relation to supply chain and inventory management as well as cross border trade. Management will continue to manage any potential business challenges that may arise and ensure minimal impact to the ongoing performance of the business and its ability to support our customers and trading partners. Based on the current position, management is confident that Brexit will not have a material impact on our ability to continue to support our customers with the high standards of service that we strive to deliver.

Strategic report *(continued)*

Risks and uncertainties *(continued)*

COVID-19 Pandemic	<p>The initial lockdown in response to the COVID-19 pandemic caused the full closure of the business for approximately 10 weeks. Since June, with tourism and general entertainment activities largely restricted consumers appear to have recirculated holiday funds into home improvement projects. The Groups 'in home' service model with no reliance on a store based retail format has allowed the Company to access this consumer interest which is underpinning the Company's resilience to the evolving macro situation.</p> <p>Whilst consumer demand has returned to pre-covid levels the supply chain has been more significantly impacted. Maintaining stock levels remains challenging and the group continues to operate with extended order backlogs and consumer lead times. The group is also experiencing increased operating costs including shipping, COVID secure production processes and supplier surcharges. It is uncertain at this time when these restrictions and associated costs will lift.</p> <p>Government support has and will be accessed where it is available. The business has no need in the foreseeable future to access any third-party funding.</p> <p>The safety and well-being of our employees remains a priority.</p>
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Going concern

The Company's Balance Sheet shows net assets of £140,751k (2018: £149,665k), and at year end reported net current assets of £130,959k (2018: £141,690k). The Company participates in the groups centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, Hunter Douglas NV, and other subsidiaries. The Company is managed as part of the Hillarys reporting group and budgets and forecasts are prepared at that level. The UK group's forecasts and budgets identify that the UK group is expected to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. A key assumption in the UK group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to the Company. The Company has received a letter of financial support from the ultimate parent Company, Hunter Douglas NV which confirms that the Group, if required, will provide financial support to for the period at least 12 months after the signing of these financial statements.

The directors of the Company have considered information regarding the Group's ability to provide support to the Company. This information included the Group's Q3 2020 results released 4 November 2020, which showed that the Group had total cash and cash equivalents of \$42.3 million as at 30 September 2020.

The directors of the Company have made enquiries of the directors of Hunter Douglas NV to confirm that it has the ability to provide financial support, noting the financial position of the Company as described above.

Strategic report *(continued)*

Going concern *(continued)*

Whilst there remains uncertainty regarding the impact of COVID-19, the directors of the Company have concluded that, if required, the Group will be able to provide financial support to the Company, for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

Future Prospects

The directors have considered the impact of the outbreak of COVID-19 and remain confident that consumer demand remains strong for this product category, that the operating model has been able to adapt to the restrictions of trading under COVID conditions and that Company is able to continue to meet customer demands. Competition in this sector is expected to remain tough and cost controls are expected to continue in the future. The directors consider the Company to be well placed in all aspects of the industry.

Post Balance Sheet events

As noted throughout the report and accounts, the outbreak of COVID-19 has had certain impacts on the Company. Further details are included in note 24. Given the unprecedented situation in the UK and Ireland, there remains significant uncertainty as to the length and extent of the impact on individuals, communities and the economy as whole. However, due to the nature of the Company's activities and based on the Company's current assessment of risks, no material impacts or uncertainties have been identified which require adjustment in the financial statements.

Environmental policy

The Company is committed to adopting a responsible approach to environmental matters. We continue to embrace moves to improve overall efficiency within all operational activities, seeing the reduction of waste as both a financial and environmental opportunity. Investment has been made across various sites in LED lighting, waste stream separation and further use of automation and electronic communications to improve the quality and timeliness of communications whilst also reducing use of paper.

Opportunities to reduce production errors remain and the Company sees strong alignment between environmental improvements and business efficiency and will continue to strive towards improving both.

By order of the Board:



Andy Thomas
Director

16.12.20

Dated:

Directors' report

The directors present their report and financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £18,086,000 (31 Dec 2018: £19,496,000). Ordinary dividends of £27,000,000 (31 Dec 2018: £nil) were paid during the year.

Principal activities

The principal activity of the Company continued to be the manufacturing and retailing of venetian, roller, roman, pleated and vertical house blinds, curtains, awnings and shutters for the domestic and contract markets. The directors expect that the present level of activity will be sustained for the foreseeable future.

Directors

The directors who served the Company during the year were as follows:

JM Risan
DMA Lewis
DH Lock (resigned 20 February 2019)
AR Thomas
C Edwards
S White

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' liabilities

Directors' and officers' liability insurance has been renewed by the Company during the year

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst and Young LLP will therefore continue in office.

Employees

The Company values the contribution of all of its staff. The Board sees their continued involvement in the development and delivery of the Company's products and services as of critical importance to the future success of the Company and accordingly works hard to keep all staff informed of the progress and development of the business. The Company seeks to ensure that all employees and job applicants are afforded equal opportunity in all areas of employment.

Political and charitable contributions

Charitable contributions totalling £nil were made during the year (31 Dec 2018: £nil). No political contributions were made during the year (31 Dec 2018: £nil).

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on page 1.

By order of the board


Andy Thomas
Director

16.12.20
Dated:

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Hillarys Blinds Limited

Opinion

We have audited the financial statements of Hillarys Blinds Limited for the year ended 31 December 2019 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 24, 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 FRS 102 "The Financial Reporting Standard applicable in the UK" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

Emphasis of matter - Effects of COVID-19

We draw attention to notes 1.2 and 24 of the financial statements, which describes the economic and social consequences the Company is facing as a result of COVID-19 which may impact upon the windows covering market in the UK and overseas, and therefore the Company's ability to perform obligations in accordance with the contracts with customers. Our opinion is not modified in this respect

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Hillarys Blinds Limited (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 directors' responsibilities statement set out on page 7, 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.

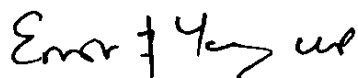
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located 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.



Steven Bagworth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
16 December 2020

Profit and loss account and other comprehensive income
for the year ended 31 December 2019

	<i>Note</i>	2019 £000	2018 (restated) £000
Turnover	3	162,699	165,899
Cost of sales		(53,747)	(51,949)
Gross Profit		108,952	113,950
Distribution costs		(74,993)	(76,202)
Administrative expenses		(12,112)	(13,521)
Other operating income	4	50	67
Operating Profit		21,897	24,294
Other interest receivable and similar income	8	329	220
Interest payable and similar charges	9	(4)	(3)
Profit before taxation		22,222	24,511
Tax on profit	10	(4,136)	(5,015)
Profit for the year and total comprehensive income		18,086	19,496

All amounts relate to continuing activities

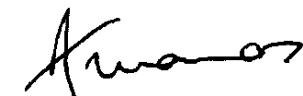
There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

Balance sheet
at 31 December 2019

	Note	2019	2018
		£000	(restated) £000
Fixed assets			
Intangible assets	11	2,667	2,290
Tangible assets	12	7,125	5,685
Investments	13	-	-
		<u>9,792</u>	<u>7,975</u>
Current assets			
Stocks	14	22,858	21,029
Debtors (including £782,000 (31 Dec 2018: £923,000) due after more than one year)	15	195,766	192,207
Cash at bank and in hand		721	1,061
		<u>219,345</u>	<u>214,297</u>
Creditors: amounts falling due within one year	16	<u>(88,386)</u>	<u>(72,607)</u>
Net current assets		130,959	141,690
Net assets		<u>140,751</u>	<u>149,665</u>
Capital and reserves			
Called up share capital	19	43	43
Share premium account	19	588	588
Capital redemption reserve	19	11	11
Capital contribution	19	1,447	1,447
Profit and loss account		138,662	147,576
Shareholders' funds		<u>140,751</u>	<u>149,665</u>

These financial statements were approved by the board of directors on behalf by: 16.12.20

and were signed on its



Andy Thomas
Director

Company registered number: 01196432

Statement of changes in equity
at 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Capital contri- bution	Profit and loss account (restated)	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2018	43	588	11	1,447	128,359	130,169
Impact of prior year restatement (see note 1.2)	-	-	-	-	(279)	(279)
Balance at 1 January 2018 (restated)	43	588	11	1,447	128,080	130,169
Total comprehensive income for the year						
Profit for the year	-	-	-	-	20,185	20,185
Impact of prior year restatement (see note 1.2)	-	-	-	-	(689)	(689)
Total comprehensive income for the year (restated)	-	-	-	-	19,496	19,496
Balance at 31 December 2018	43	588	11	1,447	147,576	149,665

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Capital contri- bution £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	43	588	11	1,447	147,576	149,665
Total comprehensive income for the year						
Profit for the year	-	-	-	-	18,086	18,086
Total comprehensive income for the year	-	-	-	-	18,086	18,086
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(27,000)	(27,000)
Total comprehensive expense for the year	-	-	-	-	(27,000)	(27,000)
Balance at 31 December 2019	43	588	11	1,447	138,662	140,751

Notes

(forming part of the financial statements)

1 Accounting policies

Hillarys Blinds Limited (the "Company") is a private Company limited by shares and incorporated and domiciled in the UK. The registered number is 01196432 and the registered address is Unit 2, Churchill Park, Private Road No. 2, Colwick, Nottingham, NG4 2JR.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Hunter Douglas NV includes the Company in its consolidated financial statements. The consolidated financial statements of Hunter Douglas NV are available to the public and may be obtained from 'The Company Secretary, Hunter Douglas NV, 2, Piekstraat, 3071 EL Rotterdam'. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

As the consolidated financial statements of Hunter Douglas NV include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The Company's Balance Sheet shows net assets of £140,751k (2018: £149,665k), and at year end reported net current assets of £130,959k (2018: £141,690k). The Company participates in the Group centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, Hunter Douglas NV, and other subsidiaries. The Company is managed as part of the Hillarys reporting group and budgets and forecasts are prepared at that level. The UK group's forecasts and budgets identify that the UK group is expected to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. A key assumption in the UK group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to the Company. The Company has received a letter of financial support from the ultimate parent Company, Hunter Douglas NV which confirms that the Group, if required, will provide financial support to for the period at least 12 months after the signing of these financial statements.

The directors of the Company have considered information regarding the Group's ability to provide support to the Company. This information included the Group's Q3 2020 results released on 4 November 2020, which showed that the Group had total cash and cash equivalents of \$42.3 million as at 30 September 2020.

The directors of the Company have made enquiries of the directors of Hunter Douglas NV to confirm that it has the ability to provide financial support, noting the financial position of the Company as described above.

Whilst there remains uncertainty regarding the impact of COVID-19, the directors of the Company have concluded that, if required, the Group will be able to provide financial support to the Company, for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Change in accounting policy

In 2019 the Company changed its accounting policy for capitalisation of development costs to align with the accounting policies of the Hunter Douglas Group. Previously internal development costs were capitalised as a fixed asset at cost and depreciated, under the new policy internal development costs will no longer be capitalised. This has resulted in the changes summarised below:

Development costs with a net book value of £968,000 at 31 December 2018 were removed from fixed assets. £279,000 related to development costs capitalised in 2017 and prior, and so was taken through equity, and the remaining £689,000 was expensed in 2018 as an administrative expense.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

Notes (continued)

1 Accounting policies (continued)

1.5. Classification of financial instruments issued by the Company (continued)

- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6. Basic financial instruments

Trade and other debtors / creditors

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

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

1.7. Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.8. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.13 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Notes (continued)

1 Accounting policies (continued)

1.8. Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold property	- 2% per annum
Leasehold improvements	- 20% per annum
Plant and machinery	- 20% to 50% per annum
Fixtures and fittings	- 10% to 33 1/3% per annum
Motor vehicles	- 33 1/3% per annum

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.9. Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	- 20% per annum
Patents and trademarks	- 10% per annum
Capitalised development costs	- 20% per annum

The basis for choosing these useful lives is the time that the patent or asset under development is expected to provide useful economic benefit.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

Notes (continued)

1 Accounting policies (continued)

1.10. Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.11. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.12. Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

1.13. Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.14. Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established.

1.15. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

1 Accounting policies (continued)

1.16. Revenue recognition

Revenue is recognised at the point goods are fitted by third party fitting agents as, in the opinion of the directors, this represents the point where substantially all of the risks and rewards of the goods are surrendered by the Company and contractual obligations have been met.

Revenues are reduced by an allowance for returns and credit notes based on historical experience.

2 Judgment in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be appropriate under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Deferred revenue

The Company's accounting system recognises sales revenue when the products are dispatched from the warehouse to the fitter, and an adjustment is then made to account for time lag between the date of dispatch and the date that the goods are fitted in the customer's home. The average time taken to fit the products, and the corresponding adjustment required, is based on trends experienced leading up to the year end and is reassessed annually.

Stock provision

The Company provides against slow moving and obsolete stock using specific provisions. The provisions are based on stock turns and are applied to the total stock value, less any stock with specific provisions in place.

3 Turnover

Turnover, which excludes value-added tax, arises solely within the UK and Eire and represents the invoiced value of goods and services supplied in the normal course of business.

Analysis of turnover by geographical area:

	2019 £000	2018 £000
Within Great Britain	156,158	160,761
Rest of Europe	6,541	5,138
	<u>162,699</u>	<u>165,899</u>

4 Other operating income

	2019 £000	2018 £000
Government grants	50	67
	<u>50</u>	<u>67</u>

5 Expenses and auditor's remuneration

Included in profit are the following:

	2019 £000	2018 £000
Depreciation of owned fixed assets	2,675	2,702
Amortisation of intangible assets	801	948
Loss on disposal of fixed assets	189	472
Operating lease rentals – other	2,124	2,273
– plant and machinery	342	399
Decrease/(increase) in value of foreign exchange derivative instrument	1,397	(545)
	<u>1,397</u>	<u>(545)</u>

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	42	35
	<u>42</u>	<u>35</u>

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2019 £000	2018 £000
Production staff	992	1,000
Administrative staff	126	251
Sales staff	404	273
	<u>1,522</u>	<u>1,524</u>

In 2019 the Company reclassified staff between administrative and sales to better reflect their position within the company.

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	33,012	30,769
Social security costs	2,658	2,506
Contributions to defined contribution plans (<i>see note 18</i>)	1,018	555
	<u>36,688</u>	<u>33,830</u>

Notes (continued)

7 Directors' remuneration

	2019 £000	2018 £000
Directors' remuneration	2,254	2,085
Company contributions to money purchase pension plans	91	88
	<u>2,345</u>	<u>2,173</u>

The above figure represents total emoluments received by the directors for all services to Hillarys Blinds Limited, Thomas Sanderson Limited and Arena Blinds Limited. The directors do not consider that it is practical to apportion the remuneration between their services as directors of the three companies.

The amounts in respect of the highest paid director are as follows:

	2019 £000	2018 £000
Emoluments	484	503
Contributions to money purchase pension plan	-	-
	<u>-</u>	<u>-</u>

The number of directors accruing benefits under money purchase pension schemes:

	2019 £000	2018 £000
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	4
	<u>4</u>	<u>4</u>

8 Other interest receivable and similar income

	2019 £000	2018 £000
Bank interest receivable	6	11
Interest receivable from group undertakings	318	202
Other interest receivable	5	7
	<u>329</u>	<u>220</u>

9 Interest payable and similar charges

	2019 £000	2018 £000
Bank interest payable	4	3
	<u>4</u>	<u>3</u>

Notes (continued)

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2019 £000	2018 £000
<i>Current tax</i>		
Current tax on income for the year	4,016	3,005
Payment for group relief	-	2,007
Adjustments in respect of prior periods	(101)	-
Foreign taxation	79	64
	<hr/> 3,994	<hr/> 5,076
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	352	(68)
Effect of rate change on opening balance	(37)	7
Adjustments in respect of prior periods	(173)	-
	<hr/> 142	<hr/> (61)
	<hr/> 4,136	<hr/> 5,015

The total tax charge for 2019 and 2018 was recognised in the profit and loss.

Reconciliation of effective tax rate:

	2019 £000	2018 £000
Profit for the year	18,086	19,496
Total tax charge	4,136	5,015
	<hr/> 22,222	<hr/> 24,511
Profit excluding taxation	<hr/> 22,222	<hr/> 24,511
Tax using the UK corporation tax rate of 19% (2018: 19%)	4,222	4,657
Expenses not deductible for tax purposes	216	202
Transfer pricing adjustment	49	48
Adjustments in respect of prior periods	(273)	132
Tax rate changes	(37)	7
Effects of overseas tax rates	(40)	(31)
Other	(1)	-
	<hr/> 4,136	<hr/> 5,015
Total tax charge included in profit or loss	<hr/> 4,136	<hr/> 5,015

Notes (continued)

10 Taxation (continued)

Factors that may affect future tax charges

Deferred tax assets and liabilities have been stated at the corporation tax rate of 17% (2018: 17%) reflecting the reduction in the UK Corporation Tax rate which was due to take effect from 1 April 2020. This rate was enacted on 15 September 2016 and remained in force at the Balance Sheet date.

Subsequently, the UK Government announced in the Budget statement on 11 March 2020 that it will maintain the UK Corporation Tax rate at 19% from 1 April 2020. The effect of this change has not been reflected in the financial statements due to the relevant legislation not having been substantively enacted at the Balance Sheet date.

11 Intangible assets

	Software and IT cost £000	Patents and trademarks £000	Assets under construction £000	Total £000
Cost				
Balance at 1 January 2019	11,504	2	185	11,691
Additions	1,039	-	182	1,221
Transfers	186	-	(186)	-
Disposals	(81)	-	-	(81)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	12,648	2	181	12,831
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation and impairment				
Balance at 1 January 2019	9,401	-	-	9,401
Amortisation for the year	818	1	-	819
Disposals	(56)	-	-	(56)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	10,163	1	-	10,164
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 1 January 2019	2,103	2	185	2,290
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	2,485	1	181	2,667
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Tangible fixed assets

	Freehold property £000	Leasehold property £000	Plant and machinery £000	Fixtures and Fittings £000	Motor vehicles £000	Assets in the course of construction £000	Total £000
Cost							
Balance at 1 January 2019	851	2,877	17,625	4,785	20	166	26,324
Additions	428	638	2,500	461	-	252	4,279
Transfers	-	-	58	-	-	(58)	-
Disposals	-	-	(366)	-	(4)	(108)	(478)
Balance at 31 December 2019	1,279	3,515	19,817	5,246	16	252	30,125
Depreciation and impairment							
Balance at 1 January 2019	472	1,943	14,455	3,749	20	-	20,639
Depreciation charge for the year	11	307	1,835	522	-	-	2,675
Disposals	-	-	(310)	-	(4)	-	(314)
Balance at 31 December 2019	483	2,250	15,980	4,271	16	-	23,000
Net book value							
At 1 January 2019	379	934	3,170	1,036	-	166	5,685
At 31 December 2019	796	1,265	3,837	975	-	252	7,125

The value of freehold land not being depreciated is £128,250 (31 Dec 2018: £128,250).

Tangible fixed assets under construction

Assets under construction and amounts spent fall into the following areas:

	£000
Plant & machinery	252

13 Investments in subsidiary undertakings

	£000
Cost:	
Opening and closing balance as at 1 January 2019 and 31 December 2019	-

The Company holds 100% of the issued Ordinary share capital of Hillarys Blinds (Northern) Limited and Wholesale Blinds Limited, which are dormant companies incorporated in England and Wales. The registered office of these companies is Unit 2, Churchill Park, Private Road No. 2, Colwick, Nottingham, NG4 2JR.

Notes (continued)

14 Stocks

	2019 £000	2018 £000
Raw materials and consumables	21,782	20,761
Work in progress	115	64
Finished goods	961	204
	<hr/> 22,858 <hr/>	<hr/> 21,029 <hr/>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £33,751,000 (31 Dec 2018: £33,429,000). The write-down of stocks to net realisable value amounted to £nil (31 Dec 2018: £nil).

In 2019 the Company reclassified £665k of stock from raw materials to finished goods to better reflect the type of stockholding.

15 Debtors

	2019 £000	2018 £000
Trade debtors	2,074	3,236
Amounts owed by group undertakings	181,048	177,624
Corporation tax	173	777
Other debtors	6,456	5,685
Derivative held at fair value	-	339
Prepayments and accrued income	4,332	3,363
Taxation and social security	901	260
Deferred tax asset (see note 17)	782	923
	<hr/> 195,766 <hr/>	<hr/> 192,207 <hr/>

Debtors due after more than one year amount to £782,000 (31 Dec 2018: £923,000). This relates to the deferred tax asset.

16 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	9,956	10,467
Amounts owed to group undertakings	56,255	37,663
Deposits received	9,375	9,107
Other creditors	531	125
Accruals	9,037	12,495
Deferred income	2,173	2,750
Derivative held at fair value	1,059	-
	<hr/> 88,386 <hr/>	<hr/> 72,607 <hr/>

Notes (continued)

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	(771)	(917)	-	-	(771)	(917)
Other	(11)	(6)	-	-	(11)	(6)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net tax assets	(782)	(923)	-	-	(782)	(923)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

18 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1,018,000 (31 Dec 2018: £825,000).

Pension payments of £140,000 (31 Dec 2018: £34,000) were unpaid and so recorded as a creditor at 31 December 2019.

19 Capital and reserves

Share capital

	2019	2018
	£000	£000
<i>Allotted, called up and fully paid</i>		
425,364 ordinary shares of £0.10 each	43	43
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption

The capital redemption reserve represents the paid up share capital on redeemed 10p shares

Capital contribution

The capital contribution reserve arose on the granting of share options in Bellotto Holdings Limited to employees of Hillarys Blinds Limited, the cost of which was paid for by Hillarys Blinds Limited.

Notes (continued)

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019		2018	
	Property £000	Other £000	Property £000	Other £000
Less than one year	1,915	233	1,900	251
Between one and five years	4,833	227	4,763	264
More than five years	12,052	133	9,990	-
	<u>18,800</u>	<u>593</u>	<u>16,653</u>	<u>515</u>

21 Commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £91,307 (31 Dec 2018: £194,555).

22 Related parties

The Company has taken advantage of paragraph 33.1A of FRS102 to not disclose transactions between wholly owned entities.

During the year the Company entered into transactions, in the ordinary course of business, with the following companies in the Hunter Douglas Group. Purchases during the period, and creditor balances at the end of the year are as below:

	Purchases in 2019	Balance at 31 Dec 19	Purchases in 2018	Balance at 31 Dec 18
Blaze Woven Blinds Manufacturing Limited	514,380	178,924	56,579	-
Asco BV	130,570	578	1,506	-
Karl H Blocker GMBH & Co	146,191	-	149,824	-
Hunter Douglas Assembly Automation AB	301,763	-	100,485	46,834
Eclipse Blind Systems Limited	377,351	70,773	221,763	99,030
Hunter Douglas UK Limited	527,864	122,348	387,322	111,150
Hunter Douglas Europe BV	94,840	72,266	-	-

At the year end the Company had a debtor balance outstanding with Hunter Douglas NV of £31,172,567 (2018: £33,982,039).

In April 2018 the Company sold a brand to another Hunter Douglas UK Group Company for nil consideration.

23 Ultimate parent Company and parent Company of larger group

The immediate parent undertaking is Hillarys Blinds (Holdings) Limited, a Company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Hunter Douglas NV. The smallest and largest Company in which the results of the Company are consolidated is Hunter Douglas NV, a Company incorporated in the Netherlands. Copies of the group financial statements, which include this Company, are available from its registered office: The Company Secretary, Hunter Douglas NV, 2, Piekstraat, 3071 EL Rotterdam.

Notes *(continued)*

24 Post Balance Sheet events

As noted throughout the report and accounts, the outbreak of COVID-19 has had certain impacts on the Company. Given the unprecedented situation in the UK and Ireland, there remains significant uncertainty as to the length and extent of the impact on individuals, communities and the economy as whole. However, due to the nature of the Company's contracts and based on the Company's current assessment of risks, no material impacts or uncertainties have been identified which require adjustment in the financial statements.

The Company has considered the impact of COVID-19 on the Company's financial statements, with an expectation of any direct adverse impacts to the Company to continue for a total period of 12 months, noting that there remains significant uncertainty as to the length and extent of the impact on individuals, communities and the economy as whole, and therefore it is not possible to accurately estimate the potential impacts at this stage. The Company is working with its customers to ensure that all required aspects of the contract can continue to be delivered as soon as possible.

The directors have considered the areas of the accounts that could have been potentially impacted by this, noting that, as COVID-19 is considered a non-adjusting post Balance Sheet event, any impact would be reflected in the results for 31 December 2020, and assessed that in respect of the balances as at 31 December 2019:

- accounts receivable and contract assets included in the Balance Sheet have been recovered post year end;
- no adverse material impact is expected on the carrying value of fixed assets;
- no other estimates or judgments would require reassessment as a result of COVID-19.

The directors have also considered potential impacts to the future performance of the Company, and note the following potential risks arising as a result of the impacts of COVID-19:

- future lockdowns affecting the Company's ability to attend customer appointments in-home