Leggett & Platt U.K. Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 02139163

Leggett & Platt U.K. Limited

Company Information

Directors	S L Koch D Gecic C P Hutchins T J Almandinger
Company secretary	S L Koch
Registered number	02139163
Registered office	Second Floor 77 Kingsway London WC2B 6SR
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
Bankers	Bank of America 2 King Edward Street London EC1A 1HQ
Solicitors	Bracher Rawlins 2nd Floor 77 Kingsway London WC2B 6SR

Leggett & Platt U.K. Limited

Contents

Leggett & Platt U.K. Limited

Strategic Report
For the Year Ended 31 December 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

Review of business and future developments

The company holds investments in subsidiary companies and is responsible for the UK treasury and intercompany cash pooling facilities. It does not have any trade and therefore no sales.

The statement of comprehensive income is set out on page 7 and shows a profit before tax for the year of £225,268 (2018 - loss before tax of £723,672).

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018 - £15,000,000).

The directors are not aware, at the date of this report, of any significant changes expected during the next year.

The directors are satisfied with the results of the company. Leggett & Platt continue to review the performance of all companies as part of the strategic planning process and remain positive about the future outlook as part of a large international group.

Due to the nature of the company's operations it has not been affected by the Covid-19 pandemic arising since the year end. The company has continued access to intercompany cash pooling facilities and the directors are therefore satisfied with the company's ability to meet its obligations as they fall due. As a result the financial statements have been prepared on a going concern basis.

Principal risks and uncertainties

There are various potential risks and uncertainties which could have a material impact on the company's performance.

The value of the wholly owned investments in subsidiary companies depend on the performance of those companies.

The exposure to exchange rate movements can affect the value of currency loans.

The company does not speculate in currencies and seeks natural hedging where possible. To reduce volatility on currency exchanges the company may undertake hedging in the next year.

Defined benefit pension scheme

Volatility in investment returns and actuarial assumptions which can significantly affect the defined benefit pension scheme, impacting on future funding requirements.

This report was approved by the board on 27 Jan 2021 and signed on its behalf.

S L Koch
Director

Directors' Report
For the Year Ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the company during the year was that of a holding company for a number of active and dormant companies. The company may change its portfolio of companies in line with the development of the group in the UK.

Results and dividends

The profit for the year, after taxation, amounted to £296,964 (2018 - £672,012).

An ordinary dividend of £Nil (2018 - £15,000,000) was paid during the year. The directors do not recommend the payment of a final dividend.

Business review

A review of the business, its principal risks and uncertainties and details of likely future developments are included in the strategic report on page 1 of these financial statements.

Directors

The directors who served during the year were:

S L Koch
D Gecic
C P Hutchins
T J Almandinger

Disclosure 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 the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post statement of financial position events

As noted in the strategic report, the Covid-19 outbreak has occurred since the year end. This is considered a non-adjusting post balance sheet event and has no impact on the carrying value of assets or liabilities of the company at the reporting date.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 Jan 2021 and signed on its behalf.

S L Koch
Director

Directors' Responsibilities Statement
For the Year Ended 31 December 2019

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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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.

Leggett & Platt U.K. Limited

Independent Auditor's Report to the Members of Leggett & Platt U.K. Limited

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Opinion

We have audited the financial statements of Legget & Platt U.K. Limited ("the company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

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

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

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 at 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.

BDO LLP

Paul Davies (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom
11 March 2021

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

Leggett & Platt U.K. Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		**(258,723)**	(191,914)
Dividend income from subsidiary undertaking		**4,076,160**	-
Impairment of investment		**(3,138,682)**	-
Operating profit/(loss)	4	**678,755**	(191,914)
Interest receivable and similar income	7	**140,058**	195,746
Interest payable and similar charges	8	**(593,545)**	(727,504)
Profit/(loss) before tax		**225,268**	(723,672)
Tax on profit/(loss)	9	**71,696**	51,660
Profit/(loss) for the financial year		**296,964**	(672,012)
Actuarial losses on defined benefit pension scheme	16	**(243,000)**	(264,000)
Movement of deferred tax relating to pension surplus		**41,310**	44,880
Other comprehensive loss for the year		**(201,690)**	(219,120)
Total comprehensive profit/(loss) for the year		**95,274**	(891,132)

The notes on pages 10 to 24 form part of these financial statements.

Leggett & Platt U.K. Limited
Registered number:02139163

Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	11		**36,745,757**		40,183,989
Current assets					
Debtors: amounts falling due within one year	12	**2,053,505**		9,891,020	
Cash at bank and in hand	13	**101,910**		8,957,387	
		2,155,415		18,848,407	
Creditors: amounts falling due within one year	14	**(4,754,821)**		(16,981,319)	
Net current (liabilities)/assets			**(2,599,406)**		1,867,088
Total assets less current liabilities			**34,146,351**		42,051,077
Creditors: amounts falling due after more than one year	15		**-**		(8,000,000)
Net assets			**34,146,351**		34,051,077
Capital and reserves					
Called up share capital	17		**1,251**		1,251
Share premium account	18		**274,185**		274,185
Other reserves	18		**32,712,703**		32,712,703
Profit and loss account	18		**1,158,212**		1,062,938
Total equity			**34,146,351**		34,051,077

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

27 Jan 2021

S L Koch
Director

The notes on pages 10 to 24 form part of these financial statements.

Leggett & Platt U.K. Limited

Statement of Changes in Equity
For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	1,251	274,185	32,712,703	1,062,938	34,051,077
Comprehensive profit for the year					
Profit for the year	-	-	-	296,964	296,964
Deferred tax movements	-	-	-	41,310	41,310
Actuarial loss on pension scheme less related taxation	-	-	-	(243,000)	(243,000)
Total comprehensive profit for the year	-	-	-	95,274	95,274
At 31 December 2019	1,251	274,185	32,712,703	1,158,212	34,146,351

Statement of Changes in Equity
For the Year Ended 31 December 2018

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	1,251	274,185	32,712,703	16,954,070	49,942,209
Comprehensive loss for the year					
Loss for the year	-	-	-	(672,012)	(672,012)
Deferred tax movements	-	-	-	44,880	44,880
Actuarial loss on pension scheme less related taxation	-	-	-	(264,000)	(264,000)
Total comprehensive loss for the year	-	-	-	(891,132)	(891,132)
Dividends: equity capital	-	-	-	(15,000,000)	(15,000,000)
At 31 December 2018	1,251	274,185	32,712,703	1,062,938	34,051,077

The notes on pages 10 to 24 form part of these financial statements.

1. General information

Leggett & Platt U.K. Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. 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 and directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost 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 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 3).

Due to the nature of the company's operations it has not been affected by the Covid-19 pandemic arising since the year end. The company has continued access to intercompany cash pooling facilities and the directors are therefore satisfied with the company's ability to meet its obligations as they fall due. As a result the financial statements have been prepared on a going concern basis.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 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 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Leggett & Platt, Incorporated as at 31 December 2019 and these financial statements may be obtained from No. 1 Leggett Road,Carthage, Missouri, 64836, USA.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2. Accounting policies (continued)

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 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 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 out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 statement of comprehensive income.

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 statement of financial position 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.

2. Accounting policies (continued)

2.8 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.9 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 Pensions

Defined contribution pension plan

The company operates a defined contribution plan 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 payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

The company operates a defined benefit plan for certain employees and ex-employees of the group. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

2. Accounting policies (continued)

2.11 Pensions (continued)

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Where the defined benefit obligation is less than the fair value of plan assets the a surplus arises. The surplus is only recognised as an asset where it can be demonstrated it will be recovered through reduced contributions or refunds from the plan.

2.12 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.13 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2. Accounting policies (continued)

2.14 Current and deferred taxation

Tax is recognised in the statement of comprehensive income, except that a charge 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 tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Investments

The most critical judgement relates to the assessment of any indication of impairment in the company's investments. Investments are held at cost and the directors consider at the reporting date whether there are any indicators which suggest that the company's investments could be impaired. Where an indicator of impairment exists then a full impairment review is undertaken.

At 31 December 2019 the directors' assessment was that there were no indicators of impairment in its investments, with the exception of the investment in Gateway Holdings Limited which was dissolved on 9 April 2019 and the investment carrying value written off.

Pension scheme

The calculation of the pension scheme surplus is subject to a number of assumptions as detailed in note 16. Any differences between actual events and those assumed at the reporting date could result in a change in valuation.

The surplus at 31 December 2019 has not been recognised as the level of contributions by the company is not expected to reduce in future periods and there is no expectation of any refund from the plan.

4. Operating profit/(loss)

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

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**24,000**	22,420
- The audit of the company's subsidiaries pursuant to legislation	**1,400**	1,300
- Taxation compliance services	**3,500**	6,900
Exchange differences	**5,692**	(2,001)
Defined contribution pension cost	**3,602**	2,133

5. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	**48,084**	42,077
Social security costs	**5,867**	4,814
Cost of defined contribution scheme	**3,602**	2,133
	57,553	49,024

The average number of employees (including directors) during the year was 1 (2018 - 1).

6. Directors' remuneration

The directors are remunerated through fellow group companies.

7. Interest receivable and similar income

	2019 £	2018 £
Interest receivable from group companies	**100,991**	152,707
Net interest on defined benefit pension	**37,000**	41,000
Other interest receivable	**2,067**	2,039
	140,058	195,746

8. Interest payable and similar charges

	2019 £	2018 £
Bank interest payable	11,139	-
Loans from group undertakings	582,406	727,504
	593,545	727,504

9. Taxation

	2019 £	2018 £
Group taxation relief	(113,006)	(96,540)
Total current tax	(113,006)	(96,540)
Origination and reversal of timing differences	41,310	44,880
Total deferred tax	41,310	44,880
Taxation on profit/(loss) on ordinary activities	(71,696)	(51,660)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	225,268	(723,672)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	42,801	(137,498)
Effects of:		
(Income not taxable)/expenses not deductible for tax purposes	(107,277)	91,118
Difference between tax rates	-	(5,280)
Deferred tax not recognised	(7,220)	-
Total tax credit for the year	(71,696)	(51,660)

9. Taxation (continued)

Factors that may affect future tax charges

As at the reporting date, reductions in the UK tax rate from 19% to 17%, effective from 1 April 2020, had been substantively enacted. Under legislation substantively enacted on 17 March 2020, after the reporting date, the UK tax rate will remain to be 19% from 1 April 2020 onwards. This will affect the calculation of future tax charges and deferred tax balances.

10. Dividends

	2019 £	2018 £
Dividends paid £Nil per share (2018 - £12,000)	-	15,000,000

11. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	43,183,989
Disposals	(3,438,232)
At 31 December 2019	39,745,757
Impairment	
At 1 January 2019	3,000,000
At 31 December 2019	3,000,000
Net book value	
At 31 December 2019	36,745,757
At 31 December 2018	40,183,989

11. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Leggett & Platt Components Europe Limited	Ordinary	100.00%	Processing of drawn wire products into mattress innersprings and the distribution of processed wire products
JP & S Holdings Limited	Ordinary	100.00%	Holding of investments
David Hart Aerospace Pipes Limited	Ordinary	100.00%	Non Trading
JP&S Unlimited*	Ordinary	100.00%	High performance metal tubing
Trio Line Polska s.p.zoo*	Ordinary	85.00%	Upholstery and assembly of finished goods
DHAP Limited*	Ordinary	100.00%	Dormant
DHAP Corporate Trustees Limited*	Ordinary	100.00%	Dormant
David Hart Aerospace Pipes (Machinery Division) Limited*	Ordinary	100.00%	Dormant

* Indirect subsidiaries

The shares in JP & S Unlimited are held by JP & S Holdings Limited. The shares in Trio Line Polska s.p.zoo are held by Leggett & Platt Components Europe Limited. The shares in DHAP Limited, DHAP Corporate Trustees Limited and David Hart Aerospace Pipes (Machinery Division) Limited are held by David Hart Aerospace Pipes Limited.

The directors consider that the market value of investments is not less than the net book value shown, and where applicable provision have been established against the cost of investment held. No provision has been made for the liability to corporation tax on chargeable gains that would arise if the above investments were disposed of at market value.

The registered office of Trio Line Polska s.p.zoo is as follows: ul. Mosnska 8a, lok.O1 .2,62-060 Steszew, Poland.

The registered office of all the other direct and indirect subsidiary undertakings are as follows: Second Floor,77 Kingsway, London, WC2B 6SR, United Kingdom.

Gateway Holdings Limited was dissolved on 9 April 2019.

12. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	-	12,983
Amounts owed by group undertakings	**1,904,150**	9,856,339
Other debtors	**148,455**	21,698
Prepayments and accrued income	**900**	-
	2,053,505	9,891,020

The impairment loss recognised in profit or loss for the period in respect of bad and doubtful trade debts was £Nil (2018 - £Nil).

The above balances are all repayable on demand.

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	**101,910**	8,957,387
Less: bank overdrafts	**(3,323,073)**	-
	(3,221,163)	8,957,387

14. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	**3,323,073**	-
Trade creditors	**33,241**	-
Amounts owed to group undertakings	**1,326,802**	16,937,995
Other taxation and social security	**7,294**	8,176
Other creditors	**12,005**	6,143
Accruals and deferred income	**52,406**	29,005
	4,754,821	16,981,319

15. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	-	8,000,000

16. Pension commitments

The company operates two pension schemes as described below:

Defined contribution pension scheme:

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 charge amounted to £3,602 (2018 - £2,133). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Defined benefit pension scheme:

The company operates a defined benefit pension scheme in the UK the John Pring & Son Limited retirement and death benefit plan (the scheme). The scheme is closed to new entrants and further accrual. A full actuarial valuation was carried out at 30 April 2015 and this has been adjusted and updated to 31 December 2019 by a qualified actuary, independent of the scheme's sponsoring employer.

The company expects to contribute £225,000 to its defined benefit pension scheme in 2020.

The company reimburses the scheme for any expenses and PPF levies.

The major assumptions used by the actuary at 31 December 2019 are shown below:

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	**(5,923,000)**	(6,399,000)
Interest cost	**(155,000)**	(151,000)
Actuarial (losses)/gains	**(894,000)**	92,000
Benefits paid	**344,000**	535,000
At the end of the year	**(6,628,000)**	(5,923,000)

16. Pension commitments (continued)

Composition of plan liabilities:

	2019 £	2018 £
Schemes wholly or partly funded	**(6,628,000)**	(5,923,000)

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	**7,166,000**	7,981,000
Interest income	**192,000**	192,000
Actuarial gains / (losses)	**925,000**	(695,000)
Contributions	**244,000**	223,000
Benefits paid	**(345,000)**	(535,000)
At the end of the year	**8,182,000**	7,166,000

Composition of plan assets:

	2019 £	2018 £
Equity	**5,741,000**	5,042,000
Bonds	**1,658,000**	1,394,000
Property	**171,000**	112,000
Cash	**612,000**	618,000
Total plan assets	**8,182,000**	7,166,000
Actual return on scheme assets	**(1,117,000)**	(503,000)

	2019 £	2018 £
Fair value of plan assets	**8,182,000**	7,166,000
Present value of plan liabilities	**(6,628,000)**	(5,923,000)
Provision for surplus not recognised	**(1,554,000)**	(1,243,000)
Net pension scheme liability	**-**	-

16. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Interest cost	**(155,000)**	(151,000)
Interest income	**192,000**	192,000
Total	**37,000**	41,000

	2019 £	2018 £
Net interest income	**37,000**	41,000

The amounts recognised in other comprehensive income are as follows:

	2019 £	2018 £
Actuarial gains/(losses) on pension scheme assets	**925,000**	(695,000)
Experience gains and losses arising on the scheme liabilities	**4,000**	(165,000)
Changes in assumptions underlying the present value of the scheme liabilities	**(898,000)**	257,000
Effects of changes in the amount of surplus that is not recoverable	**(274,000)**	339,000
	(243,000)	(264,000)

16. Pension commitments (continued)

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	**2.00**	2.70
Inflation (CPI)	**2.40**	2.60
Inflation (RPI)	**3.10**	3.50

Mortality rates	2019 Years	2018 Years
- male retiring in 2019	**20.2**	20.6
- female retiring in 2019	**22.1**	22.5
- male retiring in 2044	**21.6**	22.4
- female retiring in 2044	**23.7**	24.4

17. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,250 ordinary shares of £1 each	**1,250**	1,250
1 A ordinary share of £1	**1**	1
	1,251	1,251

The shares of the company have had voting rights and all ranks pari passu in all respects.

The A ordinary share has preferential rights to the payment of dividends and is declared at the discretion of the board.

18. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account represents the excess of consideration paid over nominal value of shares issued.

Other reserves

This other reserve is a capital contribution.

Profit and loss account

The profit and loss account represent cumulative profits or losses, net of dividends paid and other adjustments.

19. Related party transactions

The company has taken advantage of the exemption available in section 33.1A of FRS102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

20. Ultimate parent and controlling party

The company's immediate parent undertaking at the year end was Leggett & Platt Canada Co., a company registered in Canada. The ultimate parent undertaking at the statement of financial position date was Leggett & Platt, Incorporated which is incorporated in the USA.

The largest and smallest group in which the results of the company are consolidated is that headed by Leggett & Platt, Incorporated, incorporated in the USA. The consolidated accounts of this company are available to the public and may be obtained from Leggett & Platt, Incorporated, No. 1 Leggett Road, Carthage, Missouri, 64836, USA. No other group accounts include the results of the company.