

**Group Strategic Report,
Report of the Directors and
Audited Consolidated Financial Statements
for the Year Ended 31 December 2022
for
SAVOIR BEDS LIMITED**

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SAVOIR BEDS LIMITED

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for the year ended 31 December 2022**

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SAVOIR BEDS LIMITED
Company Information
for the year ended 31 December 2022

Directors: Mr S M Winston
Mr A N Hughes

Secretary: Mr S M Winston

Registered office: 1 Old Oak Lane
London
NW10 6UD

Registered number: 03395749 (England and Wales)

Auditors: Haines Watts
Chartered Accountants and Statutory Auditors
3rd Floor
Marlborough House
298 Regents Park Road
Finchley
London
N3 2SZ

SAVOIR BEDS LIMITED
Group Strategic Report
for the year ended 31 December 2022

The directors present their strategic report of the company and the group for the year ended 31 December 2022.

Review of business

Savoir Beds is a British luxury brand, hand crafting and retailing the world's most comfortable mattresses and beautiful beds. Originally part of The Savoy group, the brand's heritage goes back to 1905 when the first beds were made for the famous hotel.

Using natural upholstery fillings, most importantly horse tail, each Savoir bed is bench made to order, with one crafts person making each mattress, topper, box-spring or headboard for one client. Traditional craft is married with the use of CAD, CNC and digital printing to create market leading products. This approach allows a level of bespoke production which is unique in the market.

In order to deliver the service that the very top end of the market demands, Savoir controls distribution tightly, operating through company owned showrooms and a concession in the UK, US, France and Germany and branded dealerships in Asia and parts of Europe.

Results and Performance

Disruption caused by the coronavirus pandemic diminished in 2022, although its impact was still felt in Asia, particularly China, as lockdowns and travel restrictions continued. This also had an impact on visitors to other key markets in Europe and the US. The conflict in Ukraine caused economic headwinds and resulted in our decision to close Savoir's showroom in Moscow. However, the market for luxury products remained strong and Savoir made good progress during the year.

New product launches continued both in terms of design and a new core product, the first vegan certified bed comprising natural materials available. Named the No4 Reformer, the product maintains Savoir's core craftsmanship and believe in natural materials whilst meeting the needs of a growing consumer demand.

The management team was strengthened during the year with the addition of a full-time finance director, Farrukh Khan, and a new managing director, Nic Alexandre. Together with Sarah Frederickson, our marketing director of five years, the team is well placed to take the business forward. Alistair Hughes, who previously served as managing director, remains on the board as a director to advise the team.

As the impact of the pandemic faded, overall group revenues increased by 25% to £12.6m in 2022, and with this the gross margin was maintained at 67%. We view gross profit as a key measure for any luxury brand. With this the bottom-line operating profit increased by 11% from £1.6m to £1.8m. The directors believe this result reflects the strength of the brand and business.

Like many international businesses based in the UK, Savoir Beds has already switched to IFRS accounting standards.

SAVOIR BEDS LIMITED

Group Strategic Report for the year ended 31 December 2022

Key performance indicators

	2022	2021
Revenue	£12.6 m	£10.1m
Gross Profit Margin (after materials & direct labour)	67%	67%
Countries with showrooms	9	10
Non UK Order Intake	44%	49%
Operating Profit	£1.8m	£1.6m
Profit (Loss) Before Tax	£1.6m	£1.4m
EBITDA	£3.0m	£2.8m

Strategy

Savoir Beds aims to be the leading luxury bed maker globally. This requires the brand to build upon its heritage, producing the best in quality and design, meeting our clients' demands for exceptional service and exclusivity. International expansion to serve our global client base is important, but the management believe it is vital to control the environment and way in which our products are sold in order to maintain luxury positioning. Our online presence is becoming increasingly important and is a key part of our strategy to serve clients in the best way possible. Savoir is not a discounting brand, preferring to offer a fair price for our product from the outset.

The market for luxury beds is expanding world-wide as clients realise the benefit of a great night's sleep on health, both mental and physical, and wellbeing. The business will continue to invest in marketing and product to main and develop its position in key markets. As well as investing in our physical showrooms, Savoir will invest in its website and on-line activities to deliver new business and will also invest in our staff. On-line sales are likely to become increasingly important in the overall business mix.

Coupled with this, Savoir has new design collaborations and product developments in progress as part of our commitment to the research and development required to continually stay ahead of the market.

Principal risks and uncertainties

While Brexit has added cost to the business, the impact of new barriers to trade is now known and can be dealt with. The costs that result from reduced free movement of labour are now clearer and, combined with stronger growth in economic activity post pandemic, has pushed up wages.

Savoir Beds requires skilled craftsmen and women, and generally needs to train new staff over a significant period. The business must forecast future production requirements, and there is uncertainty around this. The risk is mitigated by our training path which develops bed making skills amongst preparation, warehouse and logistics staff who are relatively easy to replace should they need to move into production.

The business generates a significant portion of its revenue in US dollars and Euros which provides a natural hedge against price changes in imported materials.

Separately, the business faces risks from commodity price movements that impact on raw materials prices. The war in Ukraine had a significant price on fuel and therefore raw material costs in 2022. The business is focussed on improving efficiency in all areas, and increasing prices as appropriate, to ensure that profit margins are maintained and improved despite changes in commodity prices. This led to a decision to increase prices in April and October 2022, the first time we have done this twice in a year.

No single client or dealer makes up more than 5% of revenues.

Donations

Savoir Beds made small donations of £8,500 in the year.

SAVOIR BEDS LIMITED

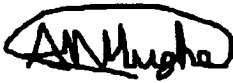
Group Strategic Report for the year ended 31 December 2022

Post year end events

The ongoing increases in interest rates in 2023 and low economic growth continue to provide headwinds. Raw material and labour costs have continued to rise, and together with increased energy costs there is margin pressure at both a gross and net profit level. However, the directors are confident that the business will remain strong and profitable in the face of these challenges.

A new dealership has opened in Dubai. Middle Eastern clients have long been important to Savoir, with purchases generally made in London or Paris, but this new showroom will provide us with better service in the region.

On behalf of the board:



.....
Mr A N Hughes - Director

Date: 23/08/2023
.....

SAVOIR BEDS LIMITED

Report of the Directors for the year ended 31 December 2022

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

Principal activity

The principal activity of the group in the year under review was that of the manufacture and retail of bespoke bedding.

Dividends

The total distribution of dividends for the year ended 31 December 2022 will be £2,000,000.

Directors

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Mr S M Winston
Mr A N Hughes

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 UK-adopted international accounting standards. 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 the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

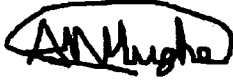
Auditors

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

SAVOIR BEDS LIMITED
Report of the Directors
for the year ended 31 December 2022

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:

A handwritten signature in black ink, appearing to read 'A N Hughes', enclosed within a hand-drawn oval.

.....
Mr A N Hughes - Director

Date: 23/08/2023
.....

Report of the Independent Auditors to the Members of Savoir Beds Limited

Opinion

We have audited the financial statements of Savoir Beds Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the UK and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Report of the Independent Auditors to the Members of
Savoir Beds Limited**

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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Savoir Bcbs Limited

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- Enquiring of management concerning actual and potential litigation and claims.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Whilst this is the case, our audit approach adopts a risk based approach which ensures that appropriate attention is devoted to the areas assessed as key audit risks. We performed a combination of procedures including analytical review, detailed substantive verification of transactions and balances as well as detailed test of controls, where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Savoir Beds Limited**

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 a Report of the Auditors 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.

Haines Watts

Mr Hassan Behcet (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditors
3rd Floor
Marlborough House
298 Regents Park Road
Finchley
London
N3 2SZ

Date: 23 August 2023

SAVOIR BEDS LIMITED

**Consolidated Statement of Profit or Loss
for the year ended 31 December 2022**

	Notes	2022 £	2021 £
Continuing operations			
Revenue		12,633,629	10,146,165
Cost of sales		<u>(4,150,426)</u>	<u>(3,367,087)</u>
Gross profit		8,483,203	6,779,078
Other operating income		-	260,915
Administrative expenses		<u>(6,729,673)</u>	<u>(5,458,535)</u>
Operating profit		1,753,530	1,581,458
Finance costs	4	(203,724)	(185,543)
Finance income	4	<u>2,847</u>	<u>453</u>
Profit before income tax	5	1,552,653	1,396,368
Income tax	6	<u>(364,559)</u>	<u>(290,912)</u>
Profit for the year		<u>1,188,094</u>	<u>1,105,456</u>
Profit attributable to: Owners of the parent		<u>1,188,094</u>	<u>1,105,456</u>

The notes form part of these financial statements

SAVOIR BEDS LIMITED

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2022**

	2022	2021
	£	£
Profit for the year	1,188,094	1,105,456
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Foreign Exchange Movement	96,268	1,425
Income tax relating to item that will not be reclassified to profit or loss	-	-
Other comprehensive income for the year, net of income tax	<u>96,268</u>	<u>1,425</u>
Total comprehensive income for the year	<u><u>1,284,362</u></u>	<u><u>1,106,881</u></u>
 Total comprehensive income attributable to: Owners of the parent	 <u><u>1,284,362</u></u>	 <u><u>1,106,881</u></u>

The notes form part of these financial statements

SAVOIR BEDS LIMITED (REGISTERED NUMBER: 03395749)

**Consolidated Statement of Financial Position
31 December 2022**

	Notes	2022 £	2021 £
Assets			
Non-current assets			
Owned			
Intangible assets	11	30,238	-
Property, plant and equipment	12	637,403	749,109
Right-of-use			
Property, plant and equipment	12, 21	3,335,658	3,931,059
Investments	13	-	-
Trade and other receivables	15	<u>103,527</u>	<u>92,480</u>
		<u>4,106,826</u>	<u>4,772,648</u>
Current assets			
Inventories	14	2,598,896	2,229,845
Trade and other receivables	15	927,735	554,310
Cash and cash equivalents	16	<u>2,587,724</u>	<u>3,891,323</u>
		<u>6,114,355</u>	<u>6,675,478</u>
Total assets		<u>10,221,181</u>	<u>11,448,126</u>
Equity			
Shareholders' equity			
Called up share capital	17	15,000	15,000
Other reserves	18	278,513	182,245
Retained earnings	18	<u>2,467,425</u>	<u>3,279,331</u>
Total equity		<u>2,760,938</u>	<u>3,476,576</u>
Liabilities			
Non-current liabilities			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	2,686,965	3,324,574
Deferred tax	22	<u>15,999</u>	<u>22,176</u>
		<u>2,702,964</u>	<u>3,346,750</u>
Current liabilities			
Trade and other payables	19	3,645,657	3,663,170
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	1,092,710	880,330
Tax payable		<u>18,912</u>	<u>81,300</u>
		<u>4,757,279</u>	<u>4,624,800</u>
Total liabilities		<u>7,460,243</u>	<u>7,971,550</u>
Total equity and liabilities		<u>10,221,181</u>	<u>11,448,126</u>

The notes form part of these financial statements

SAVOIR BEDS LIMITED (REGISTERED NUMBER: 03395749)

Consolidated Statement of Financial Position - continued
31 December 2022

The financial statements were approved by the Board of Directors and authorised for issue on 23.08.23 and were signed on its behalf by:



Mr A N Hughes - Director

The notes form part of these financial statements

SAVOIR BEDS LIMITED (REGISTERED NUMBER: 03395749)

**Company Statement of Financial Position
31 December 2022**

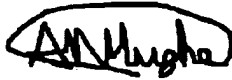
	Notes	2022 £	2021 £
Assets			
Non-current assets			
Owned			
Intangible assets	11	30,238	-
Property, plant and equipment	12	377,222	409,728
Right-of-use			
Property, plant and equipment	12, 21	2,003,688	1,951,887
Investments	13	1,028,924	1,028,924
Trade and other receivables	15	930,442	820,424
		<u>4,370,514</u>	<u>4,210,963</u>
Current assets			
Inventories	14	1,572,751	1,418,711
Trade and other receivables	15	828,391	731,643
Cash and cash equivalents	16	2,185,292	2,811,539
		<u>4,586,434</u>	<u>4,961,893</u>
Total assets		<u>8,956,948</u>	<u>9,172,856</u>
Equity			
Shareholders' equity			
Called up share capital	17	15,000	15,000
Retained earnings	18	4,143,418	4,777,420
Total equity		<u>4,158,418</u>	<u>4,792,420</u>
Liabilities			
Non-current liabilities			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	1,833,998	1,788,270
Deferred tax	22	15,999	22,176
		<u>1,849,997</u>	<u>1,810,446</u>
Current liabilities			
Trade and other payables	19	2,501,189	2,256,958
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	426,563	256,516
Tax payable		20,781	56,516
		<u>2,948,533</u>	<u>2,569,990</u>
Total liabilities		<u>4,798,530</u>	<u>4,380,436</u>
Total equity and liabilities		<u>8,956,948</u>	<u>9,172,856</u>

The notes form part of these financial statements

SAVOIR BEDS LIMITED (REGISTERED NUMBER: 03395749)

Company Statement of Financial Position - continued
31 December 2022

The financial statements were approved by the Board of Directors and authorised for issue on 23.08.23 and were signed on its behalf by:



.....
Mr A N Hughes - Director

The notes form part of these financial statements

SAVOIR BEDS LIMITED

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2022**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 January 2021	15,000	2,373,875	180,820	2,569,695
Changes in equity				
Dividends	-	(200,000)	-	(200,000)
Total comprehensive income	<u>-</u>	<u>1,105,456</u>	<u>1,425</u>	<u>1,106,881</u>
Balance at 31 December 2021	<u>15,000</u>	<u>3,279,331</u>	<u>182,245</u>	<u>3,476,576</u>
Changes in equity				
Dividends	-	(2,000,000)	-	(2,000,000)
Total comprehensive income	<u>-</u>	<u>1,188,094</u>	<u>96,268</u>	<u>1,284,362</u>
Balance at 31 December 2022	<u><u>15,000</u></u>	<u><u>2,467,425</u></u>	<u><u>278,513</u></u>	<u><u>2,760,938</u></u>

The notes form part of these financial statements

SAVOIR BEDS LIMITED

**Company Statement of Changes in Equity
for the year ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	15,000	3,792,284	3,807,284
Changes in equity			
Dividends	-	(200,000)	(200,000)
Total comprehensive income	<u>-</u>	<u>1,185,136</u>	<u>1,185,136</u>
Balance at 31 December 2021	<u>15,000</u>	<u>4,777,420</u>	<u>4,792,420</u>
Changes in equity			
Dividends	-	(2,000,000)	(2,000,000)
Total comprehensive income	<u>-</u>	<u>1,365,998</u>	<u>1,365,998</u>
Balance at 31 December 2022	<u><u>15,000</u></u>	<u><u>4,143,418</u></u>	<u><u>4,158,418</u></u>

The notes form part of these financial statements

SAVOIR BEDS LIMITED

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

		2022 £	2021 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	1,742,406	3,667,834
Interest paid		-	-
Lease interest paid		(477)	(1,145)
Tax paid		<u>(433,125)</u>	<u>(444,894)</u>
Net cash from operating activities		<u>1,308,804</u>	<u>3,221,795</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(68,429)	(337,791)
Purchase of intangible fixed assets		(31,281)	-
Sale of tangible fixed assets		-	-
Interest received		<u>2,847</u>	<u>453</u>
Net cash from investing activities		<u>(96,863)</u>	<u>(337,338)</u>
Cash flows from financing activities			
Loan repayments in year		-	(1,101,846)
Payment of lease liabilities		(1,099,545)	(1,094,493)
Amount introduced by directors		7,737	5,133
Amount withdrawn by directors		(70,000)	(7,737)
Government Grants		-	260,915
Equity dividends paid		<u>(1,450,000)</u>	<u>(200,000)</u>
Net cash from financing activities		<u>(2,611,808)</u>	<u>(2,138,028)</u>
Decrease in cash and cash equivalents		<u>1,399,867</u>	<u>746,429</u>
Cash and cash equivalents at beginning of year		<u>3,891,323</u>	<u>3,143,469</u>
Effect of foreign exchange rate changes	2	<u>96,268</u>	<u>1,425</u>
Cash and cash equivalents at end of year	2	<u><u>2,587,724</u></u>	<u><u>3,891,323</u></u>

The notes form part of these financial statements

SAVOIR BEDS LIMITED

Notes to the Consolidated Statement of Cash Flows for the year ended 31 December 2022

1. Reconciliation of profit before income tax to cash generated from operations

	2022	2021
	£	£
Profit before income tax	1,552,653	1,396,368
Depreciation charges	1,251,218	1,205,948
Government grants	-	(260,915)
Finance costs	203,724	185,543
Finance income	(2,847)	(453)
	<u>3,004,748</u>	<u>2,526,491</u>
Increase in inventories	(369,051)	(316,145)
Increase/ (decrease) in trade and other receivables	(391,166)	50,273
(Decrease)/Increase in trade and other payables	<u>(502,125)</u>	<u>1,407,215</u>
Cash generated from operations	<u>1,742,406</u>	<u>3,667,834</u>

2. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2022

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	2,587,724	3,891,323
Bank overdrafts	-	-
	<u>2,587,724</u>	<u>3,891,323</u>

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	3,891,323	3,417,830
Bank overdrafts	-	(274,361)
	<u>3,891,323</u>	<u>3,143,469</u>

3. Cash at bank and in hand group

Within cash at bank and in hand is included an amount of \$180,000 which is held in a bank account by the company backing a guarantee for the rental deposit on a property.

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2022

1. Statutory information

Savoir Beds Limited is a company limited by shares incorporated in the United Kingdom operating from 1 Old Oak Lane, London, NW10 6UD. Company Registered Number: 03395749.

The presentation currency of the financial statements is Pound Sterling (£).

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The company adopted IFRS in preparing its consolidated financial statements for the financial year ended 31st December 2021. The date of transition to IFRS from FRS 102 is the 1st January 2020.

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment.

Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating bad debt provisions. A review of trade debtors is carried out at the year end. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provision do not match the level of debts which ultimately prove to be uncollectable.

There is estimation uncertainty in calculating depreciation. A review of fixed assets is carried out by management. Whilst every attempt is made to ensure that the depreciation policy is as accurate as possible, there remains a risk that the policy does not match the useful economic life of the assets.

There is estimation uncertainty in calculating the value of stock. A review of the value of stock is carried out at the year end. Whilst every attempt is made to ensure that the stock value is as accurate as possible, there remains a risk that the provision does not match the true value of stock.

There is estimation uncertainty in calculating stock provision. A review of stock is carried out at the year end. Whilst every attempt is made to ensure that the stock provision is as accurate as possible, there remains a risk that the provision does not match the level of stock which ultimately prove to be obsolete.

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

2. Accounting policies - continued

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Revenue is recognised by the company in respect of bedding delivery dates.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- over the length of the lease
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 25% on cost

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

2. Accounting policies - continued

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company's primary categories of financial instruments are listed below:

Trade and other receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. The receivables are held with the objective to collect the contractual cash flows and are therefore recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected loss on trade receivables is established at inception. This is modified when there is a change in the credit risk. The amount of the movement in the provision is recognised in the Income Statement.

Trade and other receivables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents comprise cash and short-term deposits with a maturity date of three months or less held with banks. In the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts, which are recorded under current liabilities on the Balance Sheet. Cash at bank and in hand is classified at amortised cost.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The company is a beneficiary of Research & Development (R&D) tax relief from the UK Government in the form of reductions in its annual tax liability, as well as repayable tax credits. Current tax assets or reductions in current tax liabilities for R&D claims are only recognised when the amounts can be reliably determined and the probability of HM Revenue & Customs accepting the claim is considered high.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

2. Accounting policies - continued

Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

On adoption of IFRS there was a change in the accounting treatment of leases. The company recognised lease liabilities in relation to leases which has previously been classified as 'operating leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020.

Employee benefit costs

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

At the date of transition to IFRS the right-of-use asset was restated to match the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Deferred Tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively acted at the balance sheet date.

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

2. Accounting policies - continued

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract Liabilities

Contract liabilities represent the group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration before the company has transferred the goods or services to the customer.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2022.. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Dividends

Dividends are recognised when declared during the financial year.

Issued Capital

Ordinary shares are classified as equity.

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Rounding of amounts

Amounts in this report have been rounded off to the nearest £ sterling.

Government Grants

Government grant represents the fair value of the income received or receivable from the furlough scheme introduced by the UK government due to the pandemic caused by COVID-19.

Income from the furlough scheme is recognised in the period the furlough income relates to and recorded as 'other operating income'.

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

3. Employees and directors

	2022	2021
	£	£
Wages and salaries	3,662,697	3,089,671
Social security costs	103,031	105,791
Other pension costs	44,185	41,933
	<u>3,809,913</u>	<u>3,237,395</u>

The average number of employees during the year was as follows:

	2022	2021
Production and Delivery	48	46
Sales	16	15
Administration and Directors	<u>25</u>	<u>22</u>
	<u>89</u>	<u>83</u>

	2022	2021
	£	£
Directors' remuneration	<u>144,097</u>	<u>140,701</u>

During the year, a total of key management personnel compensation of £382,248 was paid.

4. Net finance costs

	2022	2021
	£	£
Finance income:		
Deposit account interest	2,490	222
Other Interest	<u>357</u>	<u>231</u>
	<u>2,847</u>	<u>453</u>
Finance costs:		
Hire purchase	477	1,145
Leasing	<u>203,247</u>	<u>184,398</u>
	<u>203,724</u>	<u>185,543</u>
Net finance costs	<u>200,877</u>	<u>185,090</u>

SAVOIR BEDS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

5. Profit before income tax

The profit before income tax is stated after charging/(crediting):

	2022	2021
	£	£
Cost of inventories recognised as expense	4,150,426	3,367,087
Depreciation - owned assets	180,136	163,264
Depreciation - assets on hire purchase contracts	1,071,082	1,044,884
Computer software amortisation	1,043	-
Auditors' remuneration	17,000	17,000
Foreign exchange differences	<u>(26,194)</u>	<u>12,554</u>

6. Income tax

Analysis of tax expense

	2022	2021
	£	£
Current tax:		
Tax	381,930	258,421
Over-provision in prior year	(11,193)	(11,715)
Foreign Corporation Tax	<u>-</u>	<u>30,967</u>
Total current tax	370,737	277,673
Deferred tax	<u>(6,178)</u>	<u>13,239</u>
Total tax expense in consolidated statement of profit or loss	<u>364,559</u>	<u>290,912</u>

7. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,365,998 (2021 - £1,185,136).

8. Dividends

	2022	2021
	£	£
Ordinary shares of £1 each		
Interim	<u>2,000,000</u>	<u>200,000</u>

9. Auditors remuneration

Fees payable to the company's auditors for the audit of the annual accounts totalled £17,000 (2021: £17,000). Non audit fees were £16,956 (2021: £10,878)

SAVOIR BEDS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

10. Revenue by geographical region

	2022	2021
United States of America	£3,539,482	£2,131,386
United Kingdom	£6,627,503	£5,373,769
France	£861,682	£1,081,788
Germany	£498,775	£211,898
Rest of the World	£1,106,187	£1,347,324
Total	12,633,629	£10,146,165

11. Intangible assets

Group

	Computer software £
Cost	
Additions	<u>31,281</u>
At 31 December 2022	<u>31,281</u>
Amortisation	
Amortisation for year	<u>1,043</u>
At 31 December 2022	<u>1,043</u>
Net book value	
At 31 December 2022	<u><u>30,238</u></u>

Company

	Computer software £
Cost	
Additions	<u>31,281</u>
At 31 December 2022	<u>31,281</u>
Amortisation	
Amortisation for year	<u>1,043</u>
At 31 December 2022	<u>1,043</u>
Net book value	
At 31 December 2022	<u><u>30,238</u></u>

SAVOIR BEDS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

12. Property, plant and equipment

Group

	Short leasehold £	Long leasehold £	Plant and machinery £
Cost			
At 1 January 2022	1,187,074	7,032,548	295,349
Additions	20,710	576,556	10,642
Disposals	<u>-</u>	<u>(728,191)</u>	<u>-</u>
At 31 December 2022	<u>1,207,784</u>	<u>6,880,913</u>	<u>305,991</u>
Depreciation			
At 1 January 2022	533,579	3,101,488	277,210
Charge for year	118,556	1,071,082	6,814
Eliminated on disposal	<u>-</u>	<u>(627,316)</u>	<u>-</u>
At 31 December 2022	<u>652,135</u>	<u>3,545,254</u>	<u>284,024</u>
Net book value			
At 31 December 2022	<u>555,649</u>	<u>3,335,659</u>	<u>21,967</u>
At 31 December 2021	<u>653,495</u>	<u>3,931,060</u>	<u>18,139</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost				
At 1 January 2022	599,519	29,101	95,271	9,238,862
Additions	18,301	-	18,777	644,986
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(728,191)</u>
At 31 December 2022	<u>617,820</u>	<u>29,101</u>	<u>114,048</u>	<u>9,155,657</u>
Depreciation				
At 1 January 2022	555,929	22,432	68,056	4,558,694
Charge for year	36,196	6,669	11,901	1,251,218
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(627,316)</u>
At 31 December 2022	<u>592,125</u>	<u>29,101</u>	<u>79,957</u>	<u>5,182,596</u>
Net book value				
At 31 December 2022	<u>25,695</u>	<u>-</u>	<u>34,091</u>	<u>3,973,061</u>
At 31 December 2021	<u>43,590</u>	<u>6,669</u>	<u>27,215</u>	<u>4,680,168</u>

SAVOIR BEDS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

12. Property, plant and equipment - continued

Company	Short leasehold £	Long leasehold £	Plant and machinery £
Cost			
At 1 January 2022	430,551	2,660,857	237,214
Additions	20,710	576,556	10,642
Disposals	-	(691,280)	-
At 31 December 2022	<u>451,261</u>	<u>2,546,133</u>	<u>247,856</u>
Depreciation			
At 1 January 2022	110,195	708,969	219,077
Charge for year	36,800	460,791	6,813
Eliminated on disposal	-	(627,316)	-
At 31 December 2022	<u>146,995</u>	<u>542,444</u>	<u>225,890</u>
Net book value			
At 31 December 2022	<u>304,266</u>	<u>2,003,689</u>	<u>21,966</u>
At 31 December 2021	<u>320,356</u>	<u>1,951,888</u>	<u>18,137</u>
	Fixtures and fittings £	Motor vehicles £	Computer equipment £
Cost			
At 1 January 2022	387,383	29,101	70,170
Additions	4,889	-	15,995
Disposals	-	-	-
At 31 December 2022	<u>392,272</u>	<u>29,101</u>	<u>86,165</u>
Depreciation			
At 1 January 2022	344,978	22,432	48,010
Charge for year	25,409	6,669	9,051
Eliminated on disposal	-	-	-
At 31 December 2022	<u>370,387</u>	<u>29,101</u>	<u>57,061</u>
Net book value			
At 31 December 2022	<u>21,885</u>	<u>-</u>	<u>29,104</u>
At 31 December 2021	<u>42,405</u>	<u>6,669</u>	<u>22,160</u>
	Totals £		
At 1 January 2022	3,815,276		
Additions	628,792		
Disposals	(691,280)		
At 31 December 2022	<u>3,752,788</u>		
At 1 January 2022	1,453,661		
Charge for year	545,533		
Eliminated on disposal	(627,316)		
At 31 December 2022	<u>1,371,878</u>		
At 31 December 2022	<u>2,380,910</u>		
At 31 December 2021	<u>2,361,615</u>		

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

13. Investments

Company	Shares in group undertakings £
Cost	
At 1 January 2022 and 31 December 2022	<u>1,028,924</u>
Net book value	
At 31 December 2022	<u>1,028,924</u>
At 31 December 2021	<u>1,028,924</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Savoir Beds France SARL

Registered office: France
Nature of business: Retail of beds

Class of shares:	% holding
Ordinary	100.00

Savoir Beds Düsseldorf GmbH

Registered office: Germany
Nature of business: Retail of beds

Class of shares:	% holding
Ordinary	100.00

Savoir Beds USA LLC

Registered office: USA
Nature of business: Retail of beds

Class of shares:	% holding
Ordinary	100.00

14. Inventories

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Raw materials	539,033	531,265	539,033	531,265
Work-in-progress	105,086	84,687	105,086	84,687
Finished goods	<u>1,954,777</u>	<u>1,613,893</u>	<u>928,632</u>	<u>802,759</u>
	<u>2,598,896</u>	<u>2,229,845</u>	<u>1,572,751</u>	<u>1,418,711</u>

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

15. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current:				
Trade debtors	389,071	125,331	347,649	131,800
Amounts owed by group undertakings	-	-	47,760	249,704
Other debtors	138,501	116,765	92,027	92,116
Directors' current accounts	-	7,737	-	7,737
Prepayments and accrued income	400,163	304,477	340,955	250,286
	<u>927,735</u>	<u>554,310</u>	<u>828,391</u>	<u>731,643</u>
Non-current:				
Amounts owed by group undertakings	-	-	930,442	820,424
Other debtors	103,527	92,480	-	-
	<u>103,527</u>	<u>92,480</u>	<u>930,442</u>	<u>820,424</u>
Aggregate amounts	<u>1,031,262</u>	<u>646,790</u>	<u>1,758,833</u>	<u>1,552,067</u>

Gross trade receivables at the year end totalled £389,071 (2021: £125,331) with an allowance for doubtful debts totalling £nil (2021: £nil).

There was no impairment of trade receivables in the year.

The carrying amounts of trade and other receivables approximate their fair value due to their short term nature.

16. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash in hand	1,879	1,746	975	1,524
Bank accounts	2,585,845	3,889,577	2,184,317	2,810,015
	<u>2,587,724</u>	<u>3,891,323</u>	<u>2,185,292</u>	<u>2,811,539</u>

17. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
13,500	Ordinary	£1	13,500	13,500
1,500	Ordinary non voting	£1	1,500	1,500
			<u>15,000</u>	<u>15,000</u>

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

17. Called up share capital - continued

The holder of ordinary shares are entitled to receive dividends as declared from time to time. Each share is entitled to one vote in any circumstance.

The holder of ordinary non voting shares are entitled to receive dividends as declared from time to time. Each share has no voting rights.

18. Reserves

Group

	Retained earnings £	Other reserves £	Totals £
At 1 January 2022	3,279,331	182,245	3,461,576
Profit for the year	1,188,094	-	1,188,094
Dividends	(2,000,000)	-	(2,000,000)
Foreign exchange reserve	-	96,268	96,268
At 31 December 2022	<u>2,467,425</u>	<u>278,513</u>	<u>2,745,938</u>

Company

	Retained earnings £
At 1 January 2022	4,777,420
Profit for the year	1,365,998
Dividends	(2,000,000)
At 31 December 2022	<u>4,143,418</u>

Retained earnings represents cumulative profits and losses net of dividends.

Other reserves relates to exchange differences recognised on the subsidiary undertakings in foreign currencies translated into the presentation currency sterling on consolidation.

19. Trade and other payables

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Current:				
Trade creditors	364,666	414,858	339,147	405,396
Social security and other taxes	91,937	70,385	78,065	68,010
Other creditors	24,541	19,109	10,876	10,006
Accruals and deferred income	2,570,959	2,948,260	1,499,200	1,604,201
Directors' current accounts	480,000	-	480,000	-
VAT	113,554	210,558	93,901	169,345
	<u>3,645,657</u>	<u>3,663,170</u>	<u>2,501,189</u>	<u>2,256,958</u>

SAVOIR BEDS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

19. Trade and other payables - continued

The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short-term nature.

All deferred income brought forward from the prior year was converted into turnover in the current year.

20. Financial liabilities - borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current:				
Leases (see note 21)	<u>1,092,710</u>	<u>880,330</u>	<u>426,563</u>	<u>256,516</u>
Non-current:				
Leases (see note 21)	<u>2,686,965</u>	<u>3,324,574</u>	<u>1,833,998</u>	<u>1,788,270</u>

Terms and debt repayment schedule

Group

	1 year or less	1-5 years	More than 5 years	Totals
	£	£	£	£
Leases	<u>1,092,710</u>	<u>2,270,522</u>	<u>416,443</u>	<u>3,779,675</u>

Interest incurred on leases amounted to £203,247 (2021: 183,171).

Leases with a term of less than 12 months have not been capitalised in accordance with IFRS16, the total rent expensed to the Statement of Profit and Loss amounted to £29,104 (2021: £41,250)

SAVOIR BEDS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

21. Leasing

Group

Right-of-use assets

Property, plant and equipment

	2022	2021
	£	£
Cost		
At 1 January 2022	7,094,048	6,493,849
Additions	576,556	2,033,540
Disposals	<u>(728,191)</u>	<u>(1,433,341)</u>
	<u>6,942,413</u>	<u>7,094,048</u>
Depreciation		
At 1 January 2022	3,162,989	3,551,446
Charge for year	1,071,082	1,044,884
Eliminated on disposal	<u>(627,316)</u>	<u>(1,433,341)</u>
	<u>3,606,755</u>	<u>3,162,989</u>
Net book value	<u><u>3,335,658</u></u>	<u><u>3,931,059</u></u>

Company

Right-of-use assets

Property, plant and equipment

	2022	2021
	£	£
Cost		
At 1 January 2022	2,722,357	2,122,157
Additions	576,556	2,033,541
Disposals	<u>(691,280)</u>	<u>(1,433,341)</u>
	<u>2,607,633</u>	<u>2,722,357</u>
Depreciation		
At 1 January 2022	770,470	1,793,551
Charge for year	460,791	410,260
Eliminated on disposal	<u>(627,316)</u>	<u>(1,433,341)</u>
	<u>603,945</u>	<u>770,470</u>
Net book value	<u><u>2,003,688</u></u>	<u><u>1,951,887</u></u>

SAVOIR BEDS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

21. Leasing - continued

**Group
Lease liabilities**

Minimum lease payments fall due as follows:

	2022	2021
	£	£
Gross obligations repayable:		
Within one year	1,092,710	880,330
Between one and five years	2,270,522	2,489,645
In more than five years	416,443	834,929
	<u>3,779,675</u>	<u>4,204,904</u>
 Net obligations repayable:		
Within one year	1,092,710	880,330
Between one and five years	2,270,522	2,489,645
In more than five years	<u>416,443</u>	<u>834,929</u>
	<u>3,779,675</u>	<u>4,204,904</u>

SAVOIR BEDS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

21. Leasing - continued

**Company
Lease liabilities**

Minimum lease payments fall due as follows:

	2022	2021
	£	£
Gross obligations repayable:		
Within one year	426,563	256,516
Between one and five years	1,417,555	921,854
In more than five years	416,443	866,416
	<u>2,260,561</u>	<u>2,044,786</u>
 Net obligations repayable:		
Within one year	426,563	256,516
Between one and five years	1,417,555	921,854
In more than five years	416,443	866,416
	<u>2,260,561</u>	<u>2,044,786</u>

22. Deferred tax

Group

	2022	2021
	£	£
Balance at 1 January	22,176	8,937
Movement in Year:	<u>(6,177)</u>	<u>-</u>
Balance at 31 December	<u>15,999</u>	<u>8,937</u>

Company

	2022	2021
	£	£
Balance at 1 January	22,176	8,937
Released during year	<u>(6,177)</u>	<u>-</u>
Balance at 31 December	<u>15,999</u>	<u>8,937</u>

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

23. Directors' advances, credits and guarantees

The following advances and credits to directors subsisted during the years ended 31 December 2022 and 31 December 2021:

	2022 £	2021 £
S M Winston and A N Hughes		
Balance outstanding at start of year	7,737	5,133
Amounts advanced	70,000	2,604
Amounts repaid	(557,737)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(480,000)</u>	<u>7,737</u>

The above balance also includes a shareholder of the company who is not a director.

24. Related party disclosures

Payments for services to related parties totalling £47,696 (2021:£44,966) were incurred during the year

Sales of £2,569,686 (2021: £1,585,357) were made from the parent company to its subsidiaries in the group during the year.

A total amount of £978,202 (2021: £1,071,543) is owed to the parent company by its subsidiaries in the group in the form of an unsecured and interest free loan at the balance sheet date.

25. Ultimate controlling party

The ultimate controlling parties are Mr A N Hughes and Mr S M Winston.

26. Capital management

The group's objective is to maintain a flexible capital structure that optimises the cost and availability of capital at acceptable risk.

In the management of capital and in its definition, the company considers common equity, long-term debt, cash and temporary investments, and short-term borrowings arising from securities and trade receivables.

Management will monitor the capital structure and make adjustments to in in light of changes in economic conditions and the risk characteristics of the business.

27. Expected credit losses

There have been no changes in loss allowance nor are there any undiscounted expected credit losses at initial recognition of financial assets.

There are no contractual amounts outstanding on financial assets that were written off during the reporting period that are subject to enforcement activity.

SAVOIR BEDS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2022

28. Financial instruments

All financial assets and liabilities are initially stated at fair value and measured at amortised cost and all carrying values approximate to fair values. Financial instruments of the group can be found on Note 14 and Note 18.

The risk factors that the group faces are listed below. These are reviewed and monitored by the management team.

The company has implemented various measures in order to deliver an enhanced level of control and insight over business operations on prior years and serve to mitigate financial risks to which the business is exposed.

Market risk

i) Foreign:exchange risk - Although the company operates internationally the majority of the transactions are in sterling, US dollars and Euros and the exposure is largely hedged through the costs the company has in its US and European operations (property leases, staff and operating costs) and therefore the exposure to foreign exchange risk arising from various currency exposures is minimal. The company does not hedge its exposure to this risk.

ii) Price risk - The company is not exposed to equity securities price risk. The company is exposed to commodity price risk primarily through the price of raw materials such as timber, steel, cotton, hair and wool. This is monitored closely by management and changes are made to prices to customers when appropriate.

The company regularly monitors market risk by periodically checking their costs and pricing to mitigate the risk that profits margins are eroded or become uneconomic.

Liquidity risk

Liquidity risk is managed by monitoring of company cash flows.

Credit risk

Credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions. The majority of customers (covering over 90% by sales value) are not offered credit and for the rest Credit risk is managed on an individual debtor basis for outstanding receivables by regularly chasing debt and maintaining regular communication.

Capital risk management

The company has no long-term debt. It has a strong balance sheet and healthy cash position.