

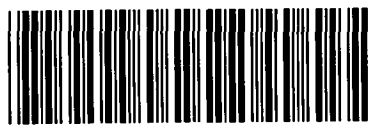
**Arena Blinds Limited**

**Annual report and financial  
statements**

**Registered number 03438260**

**31 December 2019**

TUESDAY



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22/12/2020

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COMPANIES HOUSE

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## Strategic report

### Business Review

Arena Blinds Limited is a business specialising in the manufacture and wholesale distribution of window coverings in the UK market.

### Objectives

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

### Key Business Strategies

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

- Refining and expanding the window coverings product range in line with changing consumer tastes;
- Investing in contemporary collection books to allow trade partners to showcase our products to consumers.
- Investing in improving service levels to ensure ongoing trade account loyalty whilst also attracting new accounts to buy from the Company.

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

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

### Key Performance Indicators

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

	2019	2018 (restated)
	£000	£000
Revenue	55,506	47,956
Gross margin %	25.1%	24.1%
Profit before taxation	1,237	665

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

### Section 172 (1) Statement

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

## **Strategic report** *(continued)*

### **Stakeholders**

Our key stakeholders within the Group are our customers, employees, shareholders and suppliers. Our employees are central to achieving the high standards of service which we strive to offer our customers. We recruit, train and motivate staff towards the ethos of continuously improving the service standards within the business.

### **Communication**

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

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

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

### **Key decisions**

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

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

In 2019 the Company focussed on organic growth.

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

### **Risks and uncertainties**

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

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

## Strategic report *(continued)*

### Risks and uncertainties *(continued)*

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

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

## Strategic report *(continued)*

### Risks and uncertainties *(continued)*

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

The Company's Balance Sheet shows net current assets of £16,331k (2018: £15,156k) and net assets of £16,340k (2018: £15,168k). The Company participates in the group's centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, Hunter Douglas NV, and other subsidiaries. The Company is managed as part of the Hillarys reporting group and budgets and forecasts are prepared at that level. The UK group's forecasts and budgets identify that the UK group is expected to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. A key assumption in the UK group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to the Company. The Company has received a letter of financial support from the ultimate parent Company, Hunter Douglas NV which confirms that the Group, if required, will provide financial support for the period at least 12 months after the signing of these financial statements.

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

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

## **Strategic report** *(continued)*

### **Going concern** *(continued)*

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

### **Future Prospects**

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

### **Post Balance Sheet events**

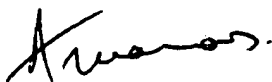
As noted throughout the report and accounts, the outbreak of COVID-19 has had certain impacts on the Company. Further details are included in note 18. Given the unprecedented situation in the UK and Ireland, there remains significant uncertainty as to the length and extent of the impact on individuals, communities and the economy as whole. However, due to the nature of the Company's activities and based on the Company's current assessment of risks, no material impacts or uncertainties have been identified which require adjustment in the financial statements.

### **Environmental policy**

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

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

By order of the Board:



**Andy Thomas**  
*Director*

16.12.20

Dated:

## **Directors' report**

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

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,172,000 (2018: £407,000). Ordinary dividends of £nil (31 Dec 2018: £nil) were paid during the year.

### **Principal activities**

The principal activity of the Company continues to be the wholesale of venetian, roller, roman, pleated and vertical blinds, components, curtains and shutters. The directors expect that the present level of activity will be sustained for the foreseeable future.

### **Directors**

The directors who served the Company during the year and to the date of this report were as follows:

JM Risman  
DMA Lewis  
DH Lock (resigned 20<sup>th</sup> February 2019)  
AR Thomas  
I Galpin

### **Political and charitable contributions**

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

### **Employees**

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

### **Disclosure of information to auditor**

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

### **Directors' liabilities**

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

### **Auditors**

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

By order of the board



Andy Thomas  
Director

16.12.20

Dated:



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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Arena Blinds Limited**

### **Opinion**

We have audited the financial statements of Arena Blinds Limited for the year ended 31 December 2019 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter - Effects of COVID-19**

We draw attention to notes 1.2 and 18 of the financial statements, which describes the economic and social consequences the Company is facing as a result of COVID-19 which may impact upon the windows covering market in the UK and overseas, and therefore the Company's ability to perform obligations in accordance with the contracts with customers. Our opinion is not modified in this respect

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

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

## **Independent auditor's report to the members of Arena Blinds Limited (continued)**

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

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

16 December 2020

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

	Note	2019 £000	2018 (restated) £000
<b>Turnover</b>	2	<b>55,506</b>	47,956
Cost of sales		(41,585)	(36,381)
<b>Gross Profit</b>		<b>13,921</b>	11,575
Distribution costs		(3,539)	(2,860)
Administrative expenses		(9,150)	(8,053)
<b>Operating Profit</b>		<b>1,232</b>	662
Other interest receivable and similar income	6	5	4
Interest payable and similar charges	7	-	(1)
<b>Profit on ordinary activities before taxation</b>		<b>1,237</b>	665
Tax on profit on ordinary activities	8	(65)	(258)
<b>Profit and total comprehensive income for the financial year</b>		<b>1,172</b>	407

All amounts relate to continuing activities.

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

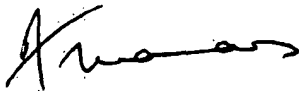
**Balance sheet**  
at 31 December 2019

	Note	2019	2018
		£000	(restated) £000
<b>Fixed assets</b>			
Intangible assets	9	9	12
Tangible assets	10	-	-
		<u>-</u>	<u>12</u>
<b>Current assets</b>			
Stocks	11	209	233
Debtors	12	18,989	18,158
Cash at bank and in hand		97	181
		<u>19,295</u>	<u>18,572</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,964)</u>	<u>(3,416)</u>
<b>Net current assets</b>		<u>16,331</u>	<u>15,156</u>
<b>Net assets</b>		<u>16,340</u>	<u>15,168</u>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Profit and loss account		16,340	15,168
<b>Shareholders' funds</b>		<u>16,340</u>	<u>15,168</u>

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

16.12.20.

and were signed



**Andy Thomas**  
Director

Company registered number: 03438260

**Statement of changes in equity**  
*at 31 December 2019*

	<b>Called up share capital £000</b>	<b>Profit and loss account (restated) £000</b>	<b>Total equity £000</b>
Balance at 1 January 2018	-	14,969	14,969
Impact of prior year restatement (see note 1.2)	-	(208)	(208)
<b>Balance at 1 January 2018 (restated)</b>	-	<b>14,761</b>	<b>14,761</b>
<b>Total comprehensive income for the year</b>			
Profit for the year	-	1,096	1,096
Impact of prior year restatement (see note 1.2)	-	(689)	(689)
<b>Profit for the year (restated)</b>	-	<b>407</b>	<b>407</b>
<b>Balance at 31 December 2018</b>	-	<b>15,168</b>	<b>15,168</b>
	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2019	-	15,168	15,168
<b>Total comprehensive income for the year</b>			
Profit for the year	-	1,172	1,001
<b>Balance at 31 December 2019</b>	-	<b>16,340</b>	<b>16,172</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Arena Blinds Limited (the "Company") is a private Company limited by shares and incorporated and domiciled in the UK. The registered number is 03438260 and the registered address is Unit 2, Churchill Park, Private Road No. 2, Colwick, Nottingham, NG4 2JR.

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

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

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

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

The directors do not consider there to be any judgements on the application of these accounting policies that would have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

#### 1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2. Going concern

The Company's Balance Sheet shows net current assets of £16,331k (2018: £15,156k) and net assets of £16,340k (2018: £15,168k). The Company participates in the Group centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, Hunter Douglas NV, and other subsidiaries. The Company is managed as part of the Hillarys reporting group and budgets and forecasts are prepared at that level. The UK group's forecasts and budgets identify that the UK group is expected to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. A key assumption in the UK group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to the Company. The Company has received a letter of financial support from the ultimate parent Company, Hunter Douglas NV which confirms that the Group, if required, will provide financial support to for the period at least 12 months after the signing of these financial statements.

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

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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3. Changes in accounting policy

In 2019 the Company changed its accounting policy for sample books to align with the accounting policies of the Hunter Douglas Group. Previously sample books were capitalised as a fixed asset at cost and depreciated, under the new policy sample books will be treated as a current asset and held as stock. This has resulted in the changes summarised below:

Sample books with a net book value of £933,000 at 31 December 2018 were removed from fixed assets. £208,000 related to books capitalised in 2017 and prior, and so was taken through equity, £36,000 was moved into stock as sample books held for sale, and the remaining £689,000 was expensed in 2018 as an administrative expense.

#### 1.4. Foreign currency

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

#### 1.5. Classification of financial instruments issued by the Company

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

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

#### 1.6. Basic financial instruments

##### *Trade and other debtors / creditors*

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



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7. Tangible fixed assets

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

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

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant and machinery	- 20 to 50% per annum
Equipment	- 10% to 33 1/3% per annum

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances in the period indicate the carrying value may not be recoverable.

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

#### 1.8. Intangible fixed assets

##### *Research and development*

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

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

##### *Other intangible assets*

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

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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Intangible fixed assets (continued)

##### Amortisation

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

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

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

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

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

#### 1.9 Stocks

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

#### 1.10 Impairment excluding stocks, and deferred tax assets

##### Financial assets (including trade and other debtors)

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

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

##### Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Impairment excluding stocks, and deferred tax assets (continued)

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

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

#### 1.11. Employee benefits

##### *Defined contribution plans and other long term employee benefits*

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

#### 1.12. Expenses

##### *Interest receivable and Interest payable*

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

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

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

#### 1.13. Taxation

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

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

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

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

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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14. Revenue recognition

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

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

### 2 Turnover

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

Analysis of turnover by geographical area:

	2019 £000	2018 £000
Within Great Britain	51,422	44,220
Rest of Europe	4,081	3,736
Rest of World	3	
	<u>55,506</u>	<u>47,956</u>

### 3 Expenses and auditor's remuneration

Included in operating profit are the following:

	2019 £000	2018 £000
Amortisation of intangible assets	3	2
	<u>3</u>	<u>2</u>

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	19	20
	<u>19</u>	<u>20</u>

## Notes (continued)

### 4 Staff numbers and costs

All staff costs are paid through Hillarys Blinds Limited and £890,000 (31 Dec 2018: £896,484) was recharged during the year via an intercompany account.

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	790	794
Social security costs	69	76
Contributions to defined contribution plans (see note 14)	31	26
	<u>890</u>	<u>896</u>

There were an average of 27 (31 Dec 2018: 26) persons employed by the Company during the year.

### 5 Directors' remuneration

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

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

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

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

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

**Notes (continued)**

**6 Other interest receivable and similar income**

	2019 £000	2018 £000
Bank interest receivable	5	4

**7 Interest payable and similar charges**

	2019 £000	2018 £000
Other interest payable	-	1

**8 Taxation**

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

	2019 £000	2018 £000
<i>Current tax:</i>		
current tax on income for the year	65	258

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

*Reconciliation of effective tax rate:*

	2019 £000	2018 £000
Profit for the year	1,172	1,096
Total tax expense	65	258
Profit excluding taxation	1,237	1,354
Tax using the UK corporation tax rate of 19% (31 Dec 2018: 19%)	235	257
Expenses not allowable for tax purposes	1	1
Effect of change in accounting policy	(171)	1
	65	258

**Factors that may affect future tax charges**

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

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

## Notes (continued)

### 9 Intangible fixed assets

	Software £000	Total £000
<b>Cost</b>		
Balance at 1 January 2019	14	14
Additions	-	-
	<hr/>	<hr/>
Balance at 31 December 2019	14	14
	<hr/>	<hr/>
<b>Amortisation</b>		
Balance at 1 January 2019	2	2
Amortisation during the year	3	3
	<hr/>	<hr/>
Balance at 31 December 2019	5	5
	<hr/>	<hr/>
<b>Net book value</b>		
At 1 January 2019	12	12
	<hr/>	<hr/>
At 31 December 2019	9	9
	<hr/>	<hr/>

### 10 Tangible fixed assets

	Plant and machinery (restated) £000	Equipment £000	Total £000
<b>Cost</b>			
Balance at 1 January 2019	18	6	24
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	18	6	24
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
Balance at 1 January 2019	18	6	24
Amortisation during the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	18	6	24
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 1 January 2019	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	-	-
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 11 Stocks

	2019	2018 (restated)
	£000	£000
Work in progress	49	64
Promotional items	152	133
Sample books	8	36
	<u>209</u>	<u>233</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £36,486k (31 Dec 2018: £32,609k). The write-down of stocks to net realisable value amounted to £nil (31 Dec 2018: £nil).

### 12 Debtors

	2019	2018
	£000	£000
Trade debtors	5,388	6,173
Amounts owed by group undertakings	13,597	11,982
Other debtors	4	3
	<u>18,989</u>	<u>18,158</u>

Debtors due after more than one year amount to £nil (31 Dec 2018: £nil)

### 13 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	41	95
Trade creditors	5	7
Corporation tax	65	521
Taxation and social security	2,762	2,773
Other creditors	61	-
Accruals and deferred income	30	20
	<u>2,964</u>	<u>3,416</u>

### 14 Employee benefits

The Company operates a number of defined contribution pension plans. All pension contributions are made by Hillarys Blinds Limited and recharged via an inter-Company account. The cost incurred was £31,000 in the year (31 Dec 2018: £26,000)



## Notes (continued)

### 15 Capital and reserves

#### Share capital

	2019	2018
	£000	£000
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	-	-

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

### 16 Related parties

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

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

	Sales in 12 months to December 2019	Balance at 31 December 2019	Sales in 12 months to December 2018	Balance at 31 December 2018
Blaze Manufacturing Co Limited	3,389	-	-	-
Blinds 2 Go Limited	15,145,263	856,158	10,630,568	874,572
Hunter Douglas UK Limited	1,941,512	84,818	197,008	53,683
Thomas Sanderson Limited	-	-	25,808	30,970
TM Blinds Limited	670,428	19,679	371,950	12,035

### 17 Ultimate parent Company and parent Company of larger group

The ultimate holding Company is Hunter Douglas NV, a Company registered in The Netherlands whose registered address is 2, Piekstraat, 3071 EL Rotterdam, The Netherlands.

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

The smallest and largest Company in which the results of the Company are consolidated is Hunter Douglas NV, a Company incorporated in The Netherlands.

Copies of the group financial statements, which include this Company, are available from its registered office: The Company Secretary, Hunter Douglas NV, 2, Piekstraat, 3071 EL Rotterdam, The Netherlands.

## **Notes (continued)**

### **18 Post Balance Sheet events**

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

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

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

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

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

- future lockdowns affecting end customer spending habits