

Registered number: 04416650

## **BELFIELD FURNISHINGS LIMITED**

### **DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



## **BELFIELD FURNISHINGS LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	G Lasham J D Meltham
<b>Company number</b>	04416650
<b>Registered office</b>	Belfield House Furnace Road Ilkeston Derbyshire DE7 5EP
<b>Auditor</b>	BDO LLP 2 Snowhill Birmingham B4 6GA
<b>Bankers</b>	Virgin Money 137 New Street Birmingham B2 4NS
<b>Solicitors</b>	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

# **BELFIELD FURNISHINGS LIMITED**

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**BELFIELD FURNISHINGS LIMITED**

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**Principal activity**

The principal activity of the Group is that of the design, manufacture and supply of furniture, mattresses and soft furnishings primarily for the leisure industry and retail markets.

**Business review**

2020 started well for the Group, with encouraging progress in the first quarter. However, in common with most of the industry that supports retailers, particularly physical retailers, COVID-19 has had a detrimental effect on the business in 2020. A large proportion of the business was unable to operate for 3 months of the year and had to operate cautiously when it re-opened, to ensure safe ways of working were embedded. After returning, Covid had a further impact on the business in terms of absenteeism, which caused inefficiencies and constrained output. The Group thus recorded a turnover of £149.6 million for the year compared to a level of £188.6 million for the 2019 year.

The Group operates in two complimentary markets: Relax - upholstery to the retail market and Revive - mattresses (foam & spring) to the retail market and soft furnishings to the home, leisure and caravan market. Both divisions recorded a reduction in sales for the year.

An operating loss of £0.3 million (0.2%) was recorded compared to a profit of £3.3 million (1.8%) in 2019. At EBITDA level (pre-exceptional costs), a return of £4.5 million was generated compared to £6.2 million during 2019. The Group generated cash from operating activities of £8.5m (2019 – £1.9m). The Group benefitted from furlough support of £9.9m in the year.

Key performance indicators (KPI's) include the levels of gross profit and net profit achieved during the year in addition to wage levels and productivity. During the year, the KPI's have been rendered irrelevant due to the impact of Covid on operations – next year comparison to 2019 will be made in this report. Total payroll costs decreased by £3.2m (5.8%) from 2019 to the current year. The Group continues to use a range of well-established and appropriate KPI's to manage the business, both from a quantitative and qualitative perspective. The key KPI's include turnover, gross margin and operating profit as referred to above.

Following Brexit, the European supply chain proved difficult in the early weeks of the year but has now stabilised. There remains limited uncertainty around further impact from Brexit on demand and on imported materials, the Group will respond and implement appropriate measures to protect the Group's best interests in this regard in the future.

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

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

The Group acquired the entire share capital of Clinchplain Limited on 6 March 2020. Clinchplain is a long-established reputable foam and fibre conversion manufacturer supplying into the UK's furniture industry and fits well into the Belfield Group. Further details of the acquisition are given in note 27 of these financial statements.

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

**Risks and uncertainties**

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

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

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

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

## **BELFIELD FURNISHINGS LIMITED**

### **GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **Section 172(1) statement**

This statement describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 when performing their duty to promote the success of the Group for the benefit of its members as a whole.

The infrastructure of the Group and composition of the board has been built with a desire to maintain a reputation for high standards of business conduct in all decisions made throughout the business.

2020 has been a year of disruption from Covid 19, raw material shortages and Brexit concerns, but the Group has maintained focus on alignment of key functional processes and values across the Group.

The directors consider the following to be the Group's key stakeholders:

#### **Employees**

Employees are the cornerstone of our business and the foundation upon which the success of the Group has been built. Frequent engagement with employees is critical to ensure they have the right support and that their views are heard and incorporated into Board decisions.

The Group's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests. The Group keeps employees informed of business performance, key developments and the decisions which are taken that affect employees. This is achieved through one or more of the established communication channels including Notice Boards, Team Briefs, Newsletters and more formal means such as consulting with elected members of the workforce. The HR function throughout the Group reports directly into the Group CEO, establishing a chain of communication for employees directly into the Board. Regular communications throughout the disruption of 2020 have been instrumental in the Group returning to business in an effective and efficient manner.

A range of policies including employee wellbeing and equality are accessible by all employees and are regularly updated and communicated to new staff via the employee handbook. There is a Group wide intranet platform that facilitates communication.

The Group recognises the importance of employee development and has continued the employee personal development review programme and suggestion programme designed to encourage, recognise and reward employees & agency staff who put forward original suggestions that will improve any aspect of the business. The suggestion programme demonstrates the inclusion of employees and recognises their ideas while improving the performance of the Group.

The Group is committed to being an equal opportunities employer and to valuing diversity. Working practices are free from unfair and unlawful discrimination and encourage mutual trust and respect of all individuals. A policy of equal opportunities enables the Group to employ, train and promote employees on the basis of their experience, ability and qualifications without regard to age, disability, gender and race honouring all aspects of the Equality Act 2010.

#### **Customers**

The business places high value on its customers. Forming strong relationships with our customers has enabled the business to grow to where it is today. We maintain frequent communication with our customers to understand their needs, and work with them to continue to design and deliver products that satisfy the consumer.

The Group collaborates with customers to introduce many new models and ranges. This drives our business and seeks to offer a fresh look for our customers.

#### **Suppliers**

We rely on our suppliers and supply chain partners to provide materials and services that meet both our and our customers' high-quality standards, to reliably distribute our goods across the UK and provide the factory workspace within which we manufacture whilst always seeking to achieve value for money. We strive to build trusting partnerships from which we can both mutually benefit.

## BELFIELD FURNISHINGS LIMITED

### GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Investors

The input of and continued access to capital and debt funding has been essential in facilitating the Group's growth to date. Investors rely on us to protect their investment and to deliver sustainable, profitable growth.

To ensure the continued long-term success of the business the board considers the long-term consequences of all its strategic decisions and the implications of these decisions on the stakeholders listed in this statement. During 2020 the Board approved significant capital expenditure for 2020 and purchased a new wood store and CNC machine for the upholstery site in Preston and a new hybrid glue line for the mattress site in Ashton. These decisions will improve and sustain the long-term profitability of the Group.

The Group CFO and the Group's finance team are responsible for managing the relationships with our bank and other funding providers, and for the Group's cash management and financing activities. The Group CFO regularly reports to the Board on these activities including policy reviews and market updates.

The Board carefully considers the Group's cash position and forecasts when making decisions on capital expenditure allocation and the payment of dividends.

The Group hosted a shareholders' day to bring all shareholders up to speed with performance and to discuss strategic plans.

#### Communities and the environment

Group has a responsibility to protect both the environment and the interests of the local communities in which we operate. Minimizing non-recyclable waste, is and continues to be a key objective for the Group. Furthermore, low energy and water consumption is a KPI at all premises.

We have an established Environmental, Social and Corporate Governance (ESG) Council chaired by the CEO that drives all our workstreams on ESG matters. We have over 40 ESG trackers and these are reported and audited externally annually.

#### Governing bodies and regulators

The Group prides itself on its high-quality products and operations and has established design and quality control procedures such that products manufactured meet relevant quality and safety requirements.

With the growing number of cyber-attacks, the Group has continued to invest in IT, Cyber Essential compliance and upgraded security.

The Group is aware of and constantly strives to improve its health and safety performance. The importance that the Board places on health and safety mandates that it reports as a function directly to the CEO.

The Group manages its tax affairs responsibly and proactively to comply with tax legislation.

The key board decisions made in the year are set out below:

Key decisions and developments	Stakeholders affected	Considerations and actions
Investment in health & safety culture and performance	Employees Governing bodies & regulators	<ul style="list-style-type: none"><li>• Protect the safety of our employees while at work and maintain high standards of business conduct.</li><li>• Ensure that policies and procedures comply with regulations.</li><li>• Instill a culture throughout the Group to value the importance of health and safety.</li><li>• A new group wide health and safety initiative to drive greater local involvement in health and safety matters has been designed and implemented during the year.</li><li>• A new health and safety leader has been appointed to drive engagement and further improvement.</li><li>• The Group continues to invest in yard improvements and quality PPE.</li></ul>

# BELFIELD FURNISHINGS LIMITED

## GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

Key decisions and developments	Stakeholders affected	Considerations and actions
Formation of an ESG council	Employees Investors Communities and the environment	<ul style="list-style-type: none"> <li>• Monitor and improve utilities consumption.</li> <li>• Reduce environmental impact of materials used.</li> <li>• Seek alternatives that promote an ESG culture</li> </ul>
Acquisition of Clinchplain	Investors Employees	<ul style="list-style-type: none"> <li>• Acquire in-house expertise in a key supply stream</li> <li>• Stability and resilience of supply</li> </ul>
Right sizing the business and re-starting efficiently post Covid 19	Employees Investors Communities and the environment	<ul style="list-style-type: none"> <li>• The interruption to production between March and July, and the phased return to work allowed the business to improve efficiency and restart with a restructured group.</li> <li>• The merging of three facilities into one will improve utility consumption and reduce internal transport.</li> <li>• While the decision to restructure the Group was considered necessary to protect the returns to investors and further improve the service provided to customers, the Board recognises the negative impact the process has on employees. The redundancy process was fair and transparent with experienced human resources professionals supporting the process.</li> </ul>
Capital investment in the business	Employees Customers Investors Communities and the environment	<ul style="list-style-type: none"> <li>• During 2020 the Group purchased a new wood store and CNC machine for the upholstery site in Preston and a new hybrid glue line for the mattress site in Ashton.</li> <li>• Increased operational efficiency provides a greater return to investors on their capital.</li> <li>• The upgrade in production machinery improves product quality and reduces material waste. Energy consumption of the new machines is far better than their replacements, further reducing the Group's carbon footprint.</li> </ul>
Changes to the Group organisational structure	Employees Customers Investors	<ul style="list-style-type: none"> <li>• The Group has been re-structured into the two main product sectors being Relax (furniture) and Revive (mattresses, home and leisure).</li> <li>• Streamlined and efficient reporting provides investors with a transparent view of the performance of the business.</li> <li>• Collaboration of teams within these sectors enables the sharing of best working practices and ideas to increase efficiency and quality.</li> <li>• The increase in efficiency and productivity enables the Group to sustain its competitive advantage long-term.</li> </ul>
Employee development	Employees	<ul style="list-style-type: none"> <li>• A new employee personal development review programme was introduced to recognise and develop the talent across the Group.</li> <li>• A new suggestion programme was designed to encourage, recognise and reward employees &amp; agency staff who put forward original suggestions that will improve any aspect of the business.</li> </ul>
New HR and payroll system	Employees	<ul style="list-style-type: none"> <li>• Provide a better platform from which to monitor employee needs and history and support employees.</li> <li>• Better management of absenteeism and retention</li> </ul>

**BELFIELD FURNISHINGS LIMITED**

**GROUP STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>Key decisions and developments</b>	<b>Stakeholders affected</b>	<b>Considerations and actions</b>
Expansion of facilities in Romania	Employees Customers	<ul style="list-style-type: none"><li>• Two smaller facilities have been taken on to expand sewing support from the Group's Romanian operations</li></ul>
Re-sourcing leather	Customers	<ul style="list-style-type: none"><li>• Leather sourcing has been moved from the far east to Europe to reduce lead times and improve customer service</li></ul>

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



G Lasham  
Director



## **BELFIELD FURNISHINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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

#### **Results and dividends**

The loss for the year, after taxation, amounted to £0.8 million (2019 - £2.4 million profit).

No dividends have been declared or paid for the year (2019 - £Nil).

#### **Financial risk management**

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

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

##### **Foreign exchange risk**

The Group is exposed to market prices for certain purchased materials. The Group has appropriate facilities to hedge its exposure arising from the purchase of raw materials denominated in foreign currencies.

##### **Credit risk**

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

##### **Liquidity risk**

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

##### **COVID-19**

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

#### **Modern slavery act**

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

#### **Directors**

The Directors who served during the year were:

G Lasham  
J D Meltham

#### **Qualifying third party indemnity provisions**

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

#### **Taxation status**

The Group is a close company as defined by the provisions of the Income and Corporation Taxes Act 2010; this position has not changed since the end of the financial year. It is considered that no liability to apportionment will arise in the year ended 31 December 2020.

## **BELFIELD FURNISHINGS LIMITED**

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

#### **Employee engagement statement**

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

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

Please see the Group's s172 statement for further details on policies concerning employee engagement.

#### **Disabled employees**

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

#### **Streamlined Energy and Carbon Reporting (SECR)**

Details of the Company's Streamlined Energy and Carbon Reporting (SECR) can be found in the consolidated financial statements of the ultimate parent company, Belfield Group Limited.

#### **Provision of information to auditor**

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

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

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



G Lasham  
Director

## **BELFIELD FURNISHINGS LIMITED**

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the Directors are required to:

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

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

## **BELFIELD FURNISHINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELFIELD FURNISHINGS LIMITED**

#### **Opinion on the financial statements**

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 2020 and the Group's loss for the year then ended;
- the Group and Parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Belfield Furnishings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

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

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## BELFIELD FURNISHINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELFIELD FURNISHINGS LIMITED (continued)

#### Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

#### Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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 and Parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

## BELFIELD FURNISHINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELFIELD FURNISHINGS LIMITED (continued)

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

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

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

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

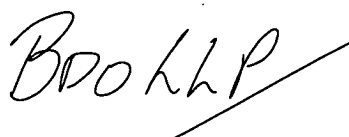
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

#### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 11 May 2021

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

**BELFIELD FURNISHINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £'000	2019 £'000
<b>Turnover</b>	1,3	<b>149,580</b>	188,570
Cost of sales		<u>(125,208)</u>	<u>(147,198)</u>
<b>Gross profit</b>		<b>24,372</b>	41,372
Selling and distribution costs		(3,885)	(4,573)
Administrative expenses		(28,295)	(32,829)
Exceptional costs	4	(2,421)	(667)
Other operating income	4	<u>9,896</u>	<u>-</u>
<b>Operating (loss)/profit</b>	4	<b>(333)</b>	3,303
Interest receivable	8	7	2
Interest payable	9	<u>(220)</u>	<u>(259)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(546)</b>	3,046
Tax on loss/profit on ordinary activities	10	<u>(273)</u>	<u>(604)</u>
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(819)</b>	2,442
Other comprehensive income/(expense) for the year:			
Fair value movements on cash flow hedges		231	(587)
Cash flow hedges recognised in inventories		(32)	(687)
Tax on cash flow hedges		<u>(31)</u>	<u>217</u>
<b>Total comprehensive (expense)/income for the year</b>		<u><b>(651)</b></u>	<u>1,385</u>

The notes on pages 18 to 39 form part of these financial statements.

**BELFIELD FURNISHINGS LIMITED**

Registered number: 04416650

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2020**

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Intangible fixed assets	11		4,497		4,380
Tangible fixed assets	12		5,885		5,890
			<u>10,382</u>		<u>10,270</u>
<b>Current assets</b>					
Stocks	15	18,763		18,629	
Debtors	16	16,584		22,492	
Cash at bank and in hand		10,028		8,831	
		<u>45,375</u>		<u>49,952</u>	
<b>Creditors: amounts falling due within one year</b>	17	(38,484)		(42,686)	
<b>Net current assets</b>			<u>6,891</u>		<u>7,266</u>
<b>Total assets less current liabilities</b>			<u>17,273</u>		<u>17,536</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(6)		(4)
<b>Provisions for liabilities</b>					
Deferred tax	20		(463)		(332)
Other provisions	21		(710)		(455)
			<u>16,094</u>		<u>16,745</u>
<b>Net assets</b>			<u>16,094</u>		<u>16,745</u>
<b>Capital and reserves</b>					
Called up share capital	22		7		7
Share premium account			540		540
Capital redemption reserve			3		3
Cash flow hedge reserve			(121)		(289)
Profit and loss account			15,665		16,484
			<u>16,094</u>		<u>16,745</u>
<b>Shareholders' funds</b>			<u>16,094</u>		<u>16,745</u>

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



**J D Meltham**  
Director

The notes on pages 18 to 39 form part of these financial statements.



**BELFIELD FURNISHINGS LIMITED**

Registered number: 04416650

**COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2020**

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Intangible fixed assets	11		101		137
Tangible fixed assets	12		728		2,110
Fixed asset investments	13		13,174		11,110
			<hr/>		<hr/>
			14,003		13,357
<b>Current assets</b>					
Stocks	15	2,967		5,246	
Debtors	16	11,370		11,490	
Cash at bank and in hand		3,867		4,219	
		<hr/>		<hr/>	
		18,204		20,955	
<b>Creditors: amounts falling due within one year</b>	17	(18,867)		(22,008)	
		<hr/>		<hr/>	
<b>Net current assets</b>			(663)		(1,053)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			13,340		12,304
<b>Creditors: amounts falling due after more than one year</b>	18		(6)		(4)
<b>Provisions for liabilities</b>					
Other provisions	21		(265)		-
			<hr/>		<hr/>
<b>Net assets</b>			13,069		12,300
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	22		7		7
Share premium account			540		540
Capital redemption reserve			3		3
Cash flow hedge reserve			(121)		(289)
Profit and loss account			12,640		12,039
			<hr/>		<hr/>
<b>Shareholders' funds</b>			13,069		12,300
			<hr/>		<hr/>

A separate profit and loss account for the parent company has not been prepared as permitted by Section 408 of the Companies Act 2006. The profit after tax of the parent company for the year was £601,000 (2019 - £307,000).

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



**J D Meltham**  
Director

The notes on pages 18 to 39 form part of these financial statements.

**BELFIELD FURNISHINGS LIMITED**

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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	7	540	3	768	14,042	15,360
Profit for the year	-	-	-	-	2,442	2,442
Cash flow hedge reserve movement	-	-	-	(1,274)	-	(1,274)
Deferred tax on other comprehensive income	-	-	-	217	-	217
<b>At 31 December 2019</b>	<b>7</b>	<b>540</b>	<b>3</b>	<b>(289)</b>	<b>16,484</b>	<b>16,745</b>
At 1 January 2020	7	540	3	(289)	16,484	16,745
Loss for the year	-	-	-	-	(819)	(819)
Cash flow hedge reserve movement	-	-	-	199	-	199
Deferred tax on other comprehensive income	-	-	-	(31)	-	(31)
<b>At 31 December 2020</b>	<b>7</b>	<b>540</b>	<b>3</b>	<b>(121)</b>	<b>15,665</b>	<b>16,094</b>

The Group's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- Cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.
- Profit and loss account represents the cumulative profits or losses, net of dividends paid and other adjustments.

The notes on pages 18 to 39 form part of these financial statements.

**BELFIELD FURNISHINGS LIMITED**

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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	7	540	3	768	11,732	13,050
Profit for the year	-	-	-	-	307	307
Cash flow hedge reserve movement	-	-	-	(1,274)	-	(1,274)
Deferred tax on other comprehensive income	-	-	-	217	-	217
<b>At 31 December 2019</b>	<b>7</b>	<b>540</b>	<b>3</b>	<b>(289)</b>	<b>12,039</b>	<b>12,300</b>
At 1 January 2020	7	540	3	(289)	12,039	12,300
Profit for the year	-	-	-	-	601	601
Cash flow hedge reserve movement	-	-	-	199	-	199
Deferred tax on other comprehensive income	-	-	-	(31)	-	(31)
<b>At 31 December 2020</b>	<b>7</b>	<b>540</b>	<b>3</b>	<b>(121)</b>	<b>12,640</b>	<b>13,069</b>

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- Cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The notes on pages 18 to 39 form part of these financial statements.

**BELFIELD FURNISHINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £'000	2019 £'000
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/profit for the financial year	(819)	2,442
Interest payable	220	259
Interest receivable	(7)	(2)
Taxation charge	273	604
Amortisation of intangible assets	546	476
Depreciation of tangible fixed assets	1,874	1,718
(Profit)/loss on disposal of tangible fixed assets	(2)	1
Decrease in stocks	109	3,556
Decrease/(Increase) in debtors	7,854	(1,536)
Decrease in creditors	(1,539)	(4,424)
Increase/(decrease) in provisions	255	(122)
Taxation paid	(282)	(1,052)
	<hr/>	<hr/>
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>8,482</b>	<b>1,920</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets	(18)	(87)
Purchase of tangible fixed assets	(1,288)	(1,200)
Sale of tangible fixed assets	13	1
Purchase of subsidiary undertaking	(1,064)	-
Net cash acquired with subsidiary undertaking	560	-
Interest received	7	2
	<hr/>	<hr/>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(1,790)</b>	<b>(1,284)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital element of finance lease payments	-	(17)
Interest element of finance lease payments	-	(1)
(Decrease)/increase in other funding	(4,594)	3,274
Loan notes settled	(700)	(179)
	<hr/>	<hr/>
	<b>(5,294)</b>	<b>3,077</b>
Interest paid	(201)	(261)
	<hr/>	<hr/>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(5,495)</b>	<b>2,816</b>
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,197</b>	<b>3,452</b>
Cash and cash equivalents at the beginning of year	8,831	5,379
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>10,028</b>	<b>8,831</b>
	<hr/>	<hr/>

## BELFIELD FURNISHINGS LIMITED

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

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

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

The Group's accounting reference date is 31 December. It is the Group's policy to prepare financial statements for the accounting period to the nearest Saturday to this date. The accounting period covers 30 December 2019 to 28 December 2020.

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

Parent Company disclosure exemptions:

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available under FRS 102:

- No Statement of cash flows has been presented for the Parent Company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

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

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

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

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

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

The following principal accounting policies have been applied:

## BELFIELD FURNISHINGS LIMITED

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

#### 1. ACCOUNTING POLICIES (continued)

##### 1.2 Basis of consolidation

The financial statements consolidate the audited accounts of Belfield Furnishings Limited and all of its' subsidiary undertakings ('subsidiaries') made up to 31 December 2020. Intercompany transactions and balances between group companies are therefore eliminated in full.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 408 of the Companies Act 2006. The profit after tax of the Parent Company for the year was £601,000 (2019 - £307,000).

##### 1.3 Turnover

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

###### Sale of goods

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

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

##### 1.4 Intangible fixed assets and amortisation

###### Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assess whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	4-5 years
Customer relationships	-	15 years
Goodwill	-	10 years

## BELFIELD FURNISHINGS LIMITED

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

#### 1. ACCOUNTING POLICIES (continued)

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Over the lease term
Plant and machinery	-	5-25% straight line
Motor vehicles	-	15-25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25-30% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the statement of comprehensive income.

##### 1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

##### 1.7 Leases

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

Assets held under finance leases are recognised at the lease's commencement at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liability is included in the balance sheet as a finance lease obligation. Lease payments are allocated between the liability and interest cost. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 1.8 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include attributable labour costs.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

## BELFIELD FURNISHINGS LIMITED

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

#### 1. ACCOUNTING POLICIES (continued)

##### 1.9 Debtors

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

##### 1.10 Cash and cash equivalents

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

##### 1.11 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

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

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

##### 1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



## BELFIELD FURNISHINGS LIMITED

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

#### 1. ACCOUNTING POLICIES (continued)

##### 1.13 Hedge accounting

The Group has entered foreign currency forward contracts to manage its exposure to fluctuations in the foreign currency exchange rates. The Group designates these derivatives as hedging instruments in cash flow hedges and they are measured at fair value at each balance sheet date.

At inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines, and documents causes for hedge ineffectiveness.

To the extent the hedge is effective, movements in fair values are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period. When the hedge relationship ends, amounts previously recognised in other comprehensive income and accumulated in equity are reclassified either to the carrying value of non-financial assets or non-financial liabilities recognised as a result of the hedged forecast transactions or otherwise to the profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

##### 1.14 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Timing differences in respect of interests in subsidiaries, associates, branches and joint ventures where the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

## BELFIELD FURNISHINGS LIMITED

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

#### 1. ACCOUNTING POLICIES (continued)

##### 1.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

##### 1.16 Foreign currencies

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

##### 1.17 Dividends

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

##### 1.18 Pensions

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

##### 1.19 Government grants

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

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

##### 1.20 Exceptional items

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

## **BELFIELD FURNISHINGS LIMITED**

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

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

##### **Useful lives of tangible fixed assets and intangible fixed assets**

Depreciation and amortisation are provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policies. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed, and should management's assessment of useful lives shorten, then depreciation and amortisation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of intangible fixed assets and tangible fixed assets is included in notes 11 and 12 respectively.

##### **Stockists/Customer relationships**

Stockists/Customer relationships are initially recognised at fair value. Determining the fair value requires an estimation of the future cash flows expected to arise from the existing customer base, applying a suitable discount rate in order to calculate present value.

##### **Stock provisions**

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

##### **Dilapidations provision**

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main assumption is in relation to the expected costs of rectification of the wear and tear incurred. The Directors use their historical experience when estimating the expected costs to be incurred. The dilapidation provision as at the balance sheet date is included in note 21.

##### **Carrying value of investments**

Investments are considered annually for impairment. Determining whether an investment is impaired requires an estimation of the value in use of the cash generating investment, which requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of fixed asset investments as at the balance sheet date included in note 13, is considered appropriate with no impairment required.

##### **Exceptional costs**

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

# BELFIELD FURNISHINGS LIMITED

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

### 3. TURNOVER

The whole of the turnover is attributable to its principal activity.

Analysis of turnover by country of destination:

	2020 £'000	2019 £'000
United Kingdom	147,929	186,681
Rest of the World	1,651	1,889
	<u>149,580</u>	<u>188,570</u>

### 4. OPERATING (LOSS)/PROFIT

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

	2020 £'000	2019 £'000
Government grants – Coronavirus Job Retention Scheme	(9,896)	-
Government grants – Other	-	(19)
Amortisation of intangible assets	546	476
Depreciation of tangible fixed assets:		
- owned by the company	1,874	1,718
(Profit)/loss on disposal of fixed assets	(2)	1
Operating lease rentals:		
- plant and machinery	905	728
- other operating leases	3,185	3,055
Write-down of stocks recognised as an expense	1,125	874
Exceptional redundancy and agency termination costs	1,200	667
Exceptional bad debt expenses	381	-
Exceptional legal & professional costs	828	-
Exceptional relocation costs	12	-
	<u></u>	<u></u>

### 5. AUDITOR'S REMUNERATION

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	59	64
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of subsidiaries of the Company	81	60
Other services relating to taxation	35	21
Other services	26	5
	<u></u>	<u></u>

**BELFIELD FURNISHINGS LIMITED**

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

**6. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Company 2020 £'000</b>	<b>Company 2019 £'000</b>
Wages and salaries	<b>47,662</b>	50,709	<b>12,109</b>	12,018
Social security costs	<b>4,023</b>	4,106	<b>911</b>	876
Other pension costs	<b>1,084</b>	1,188	<b>331</b>	313
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>52,769</b>	56,003	<b>13,351</b>	13,207
	<hr/>	<hr/>	<hr/>	<hr/>

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

	<b>Group 2020 Number</b>	<b>Group 2019 Number</b>	<b>Company 2020 Number</b>	<b>Company 2019 Number</b>
Production	<b>1,748</b>	1,857	<b>406</b>	436
Sales and distribution	<b>41</b>	46	<b>7</b>	8
Administration	<b>185</b>	159	<b>77</b>	73
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,974</b>	2,062	<b>490</b>	517
	<hr/>	<hr/>	<hr/>	<hr/>

**7. DIRECTORS' REMUNERATION**

During the year, no director received any emoluments. The directors receive emoluments from Palma Bidco Limited for their services to all group companies. It is not considered practical or possible to accurately apportion these costs to each entity in the Group.

**8. INTEREST RECEIVABLE**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Other interest	<b>7</b>	2
	<hr/>	<hr/>

**9. INTEREST PAYABLE**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Interest on finance leases	-	1
Other interest	<b>220</b>	258
	<hr/>	<hr/>
	<b>220</b>	259
	<hr/>	<hr/>

**BELFIELD FURNISHINGS LIMITED**

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

**10. TAXATION**

	2020 £'000	2019 £'000
<b>Current tax (see note below)</b>		
UK corporation tax charge on loss/profit for the year	139	639
Adjustments in respect of prior years	89	(24)
Other taxes	3	7
	<hr/>	<hr/>
<b>Total current tax</b>	<b>231</b>	<b>622</b>
<b>Deferred tax (see note 20)</b>		
Origination and reversal of timing differences	(18)	(1)
Adjustments in respect of prior years	1	(17)
Impact of change in tax rate	59	-
	<hr/>	<hr/>
<b>Tax on loss/profit on ordinary activities</b>	<b>273</b>	<b>604</b>
	<hr/>	<hr/>
<b>Factors affecting tax charge for the year</b>		
The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:		
	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before tax	(546)	3,046
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2019 – 19%)	(104)	579
<b>Effects of:</b>		
Expenses not deductible for tax purposes	175	22
Non tax-deductible amortisation and impairment of goodwill	29	19
Adjustments in respect of prior years	90	(41)
Effect of change in rate of UK corporation tax	47	-
Other tax	1	2
Depreciation on non-qualifying assets	6	23
Derecognition of deferred tax	29	-
	<hr/>	<hr/>
<b>Total tax charge for the year (see note above)</b>	<b>273</b>	<b>604</b>
	<hr/>	<hr/>

**Factors that may affect future tax charges**

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

**BELFIELD FURNISHINGS LIMITED**

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

**11. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Software £'000</b>	<b>Customer relationships £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2020	582	3,811	997	5,390
Additions	18	-	-	18
Acquisitions of subsidiaries (note 27)	-	-	645	645
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>600</b>	<b>3,811</b>	<b>1,642</b>	<b>6,053</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>				
At 1 January 2020	140	625	245	1,010
Charge for the year	138	254	154	546
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>278</b>	<b>879</b>	<b>399</b>	<b>1,556</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2020	<b>322</b>	<b>2,932</b>	<b>1,243</b>	<b>4,497</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	<b>442</b>	<b>3,186</b>	<b>752</b>	<b>4,380</b>
	<hr/>	<hr/>	<hr/>	<hr/>

<b>Company</b>	<b>Software £'000</b>
<b>Cost</b>	
At 1 January 2020	181
Additions	-
	<hr/>
At 31 December 2020	<b>181</b>
	<hr/>
<b>Amortisation</b>	
At 1 January 2020	44
Charge for the year	36
	<hr/>
At 31 December 2020	<b>80</b>
	<hr/>
<b>Net book value</b>	
At 31 December 2020	<b>101</b>
	<hr/>
At 31 December 2019	<b>137</b>
	<hr/>

**BELFIELD FURNISHINGS LIMITED**

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

**12. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Leasehold improve- ments £'000</b>	<b>Plant, machinery and motor vehicles £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January 2020	2,116	14,228	3,079	616	20,039
Additions	-	1,171	168	48	1,387
Acquisition of subsidiary (note 27)	-	485	8	-	493
Disposals	-	(14)	-	-	(14)
At 31 December 2020	<b>2,116</b>	<b>15,870</b>	<b>3,255</b>	<b>664</b>	<b>21,905</b>
<b>Depreciation</b>					
At 1 January 2020	1,973	9,272	2,408	496	14,149
Charge for the year	40	1,527	255	52	1,874
Disposals	-	(3)	-	-	(3)
At 31 December 2020	<b>2,013</b>	<b>10,796</b>	<b>2,663</b>	<b>548</b>	<b>16,020</b>
<b>Net book value</b>					
At 31 December 2020	<b>103</b>	<b>5,074</b>	<b>592</b>	<b>116</b>	<b>5,885</b>
At 31 December 2019	143	4,956	671	120	5,890



**BELFIELD FURNISHINGS LIMITED**

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

**12. TANGIBLE FIXED ASSETS (continued)**

<b>Company</b>	<b>Leasehold improve- ments £'000</b>	<b>Plant, machinery and motor vehicles £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January 2020	1,657	4,652	298	494	7,101
Additions	-	412	-	34	446
Assets within the disposal group (note 27)	-	(2,266)	-	(88)	(2,354)
<b>At 31 December 2020</b>	<b>1,657</b>	<b>2,798</b>	<b>298</b>	<b>440</b>	<b>5,193</b>
<b>Depreciation</b>					
At 1 January 2020	1,575	2,821	220	375	4,991
Charge for the year	34	494	23	44	595
Assets within the disposal group (note 27)	-	(1,073)	-	(48)	(1,121)
<b>At 31 December 2020</b>	<b>1,609</b>	<b>2,242</b>	<b>243</b>	<b>371</b>	<b>4,465</b>
<b>Net book value</b>					
At 31 December 2020	48	556	55	69	728
At 31 December 2019	82	1,831	78	119	2,110

**13. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Shares in Group undertakings £'000</b>
<b>Cost</b>	
At 1 January 2020	11,110
Additions	2,064
<b>At 31 December 2020</b>	<b>13,174</b>

Details of the principal subsidiaries can be found in note 14.

**BELFIELD FURNISHINGS LIMITED**

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

**14. PRINCIPAL SUBSIDIARIES**

<b>Company</b>	<b>Registered address</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding %</b>	<b>Principal activity</b>
Usleep Limited	Belfield House, Furnace Road, Ilkeston, Derbyshire, DE7 5EP	England and Wales	Ordinary	100%	Mattress manufacturer
Tetrad Limited	Hartford Mill, Swan Street, Preston, PR1 5PQ	England and Wales	Ordinary	100%	Furniture manufacturer
Westbridge Furniture Designs Limited	Belfield House, Furnace Road, Ilkeston, Derbyshire, DE7 5EP	England and Wales	Ordinary	100%	Furniture manufacturer
Clinchplain Limited	Britannia House, 57 Churchill Way, Lomeshaye Ind Estate, Nelson, Lancashire, BB9 6RT	England and Wales	Ordinary	100%	Foam conversion manufacturer
Westbridge Manufacturing SRL*	Sighetu Marmatiei, Str. DRAGOS VODA, nr. 161A	Romania	Ordinary	100%	Furniture manufacturer
The Chatsworth Bed Company Limited	Belfield House, Furnace Road, Ilkeston, Derbyshire, DE7 5EP	England and Wales	Ordinary	100%	Dormant
Shanghai Fabric Solution Co. Limited*	No.118 Lane 2129 South Lianhua Road, Minhang District, Shanghai	China	Ordinary	100%	Dormant

\*Indirect subsidiaries

**15. STOCKS**

	<b>Group 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Company 2020 £'000</b>	<b>Company 2019 £'000</b>
Raw materials	15,603	14,112	1,686	2,859
Work in progress	1,264	1,143	240	221
Finished goods and goods for resale	1,896	3,374	1,041	2,166
	<u>18,763</u>	<u>18,629</u>	<u>2,967</u>	<u>5,246</u>

Stocks include £243,000 (2019 - £285,000) of goods in transit for the Group and £71,000 (2019 - £48,000) for the Company.

**BELFIELD FURNISHINGS LIMITED**

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

**16. DEBTORS**

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>Due after more than one year</b>				
Derivative financial assets	-	7	-	7
<b>Due within one year</b>				
Trade debtors	10,929	16,975	3,929	7,089
Amounts owed by group undertakings	1,979	1,748	5,889	2,693
Other debtors	1,355	1,190	779	524
Prepayments and accrued income	2,315	2,439	465	996
Derivative financial assets	2	47	2	47
Corporation tax recoverable	4	86	-	56
Deferred tax (note 20)	-	-	306	78
	<u>16,584</u>	<u>22,492</u>	<u>11,370</u>	<u>11,490</u>

An impairment loss of £458,000 (2019 - £63,000) for the Group and £Nil (2019 - £63,000) for the Company was recognised against trade debtors.

**17. CREDITORS:**

**Amounts falling due within one year**

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade creditors	17,794	20,121	3,416	5,234
Amounts owed to group undertakings	3,809	4,835	9,713	10,856
Corporation tax	35	301	9	-
Social security and other taxes	6,551	3,670	1,810	861
Other creditors	4,449	8,225	2,151	3,367
Accruals and deferred income	5,701	5,136	1,623	1,292
Derivative financial liabilities	145	398	145	398
	<u>38,484</u>	<u>42,686</u>	<u>18,867</u>	<u>22,008</u>

Other creditors include amounts of £1,183,000 (2019 - £5,025,000) for the Group and £Nil (2019 - £696,000) for the Company which are secured over the trade debts of the Group and Company respectively.

**18. CREDITORS:**

**Amounts falling due after more than one year**

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Derivative financial liabilities	<u>6</u>	<u>4</u>	<u>6</u>	<u>4</u>

**BELFIELD FURNISHINGS LIMITED**

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

**19. FINANCIAL INSTRUMENTS**

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	14,280	19,913	10,614	10,306
Derivative financial assets	2	47	2	47
	<u>14,282</u>	<u>19,960</u>	<u>10,616</u>	<u>10,353</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	31,571	38,317	16,721	20,749
Derivative financial liabilities	151	402	151	402
	<u>31,722</u>	<u>38,719</u>	<u>16,872</u>	<u>21,151</u>

Financial assets measured at amortised cost comprise trade debtors, amounts due to group undertakings, and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts due to group undertakings, other creditors and accruals.

Derivative financial instruments designated as cash flow hedges comprise forward currency exchange contracts. The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for forecast future transactions. At 31 December 2020, the outstanding contracts all mature within 18 months (2019: 18 months) of the year end. The Group is committed to buy US\$5,700,000 and €3,200,000 and pay a fixed sterling amount (2019: US\$9,600,000 and €9,300,000).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:EUR.

**BELFIELD FURNISHINGS LIMITED**

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

**20. DEFERRED TAXATION**

	<b>Group 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Company 2020 £'000</b>	<b>Company 2019 £'000</b>
At 1 January	(332)	(566)	78	(132)
Recognised in income statement	(42)	18	44	(6)
Recognised in other comprehensive income	(31)	216	(31)	216
On acquisition of subsidiaries (note 27)	(58)	-	-	-
On assets in the disposal group (note 27)	-	-	215	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	<b>(463)</b>	<b>(332)</b>	<b>306</b>	<b>78</b>

The deferred taxation balance is made up as follows:

	<b>Group 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Company 2020 £'000</b>	<b>Company 2019 £'000</b>
Accelerated capital allowances	36	97	265	3
Tax losses carried forward	-	26	-	-
Other short term timing differences	58	87	41	75
On intangible assets	(557)	(542)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>(463)</b>	<b>(332)</b>	<b>306</b>	<b>78</b>

**21. PROVISIONS FOR LIABILITIES**

<b>Group</b>	<b>Group Dilapidations provision £'000</b>	<b>Company Dilapidations provision £'000</b>
At 1 January 2020	455	-
Charged to the profit or loss	286	265
Utilisation of provision	(31)	-
	<hr/>	<hr/>
At 31 December 2020	<b>710</b>	<b>265</b>

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

# BELFIELD FURNISHINGS LIMITED

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

### 22. SHARE CAPITAL

	2020 £'000	2019 £'000
<b>Allotted, called up and fully paid</b>		
5,750 Ordinary 'A' shares of £1 each	6	6
800 Ordinary 'B' shares of £1 each	-	-
800 Ordinary shares of £1 each	1	1
	<u>7</u>	<u>7</u>

The shares are ranked pari passu in all respects, except for enhanced voting rights for the 'A' ordinary shares in certain circumstances. The rights of all shareholders are set out in the Company Articles of Association.

### 23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2020 £'000	Cash flows £'000	Acquisition of subsidiaries £'000	Non-cash changes £'000	At 31 December 2020 £'000
Cash at bank and in hand	8,831	637	560	-	10,028
Loan notes	(1,240)	780	-	(99)	(559)
Bank CID facility	(5,025)	4,715	-	(121)	(431)
	<u>2,566</u>	<u>6,132</u>	<u>560</u>	<u>(220)</u>	<u>9,038</u>

### 24. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme, the assets of which are held separately in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,084,000 (2019 - £1,188,000). As at 31 December 2020 contributions amounting to £206,000 (2019 - £226,000) were payable to the fund and are included in other creditors.

# BELFIELD FURNISHINGS LIMITED

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

### 25. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2020 £'000	Land and buildings 2019 £'000	Other 2020 £'000	Other 2019 £'000
<b>Group</b>				
<b>Expiry date:</b>				
Within 1 year	2,562	2,917	749	906
Between 2 and 5 years	6,830	8,099	792	977
After more than 5 years	1,889	3,508	-	-
	<u>11,281</u>	<u>14,524</u>	<u>1,541</u>	<u>1,883</u>

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

	Land and Buildings 2020 £'000	Land and buildings 2019 £'000	Other 2020 £'000	Other 2019 £'000
<b>Company</b>				
<b>Expiry date:</b>				
Within 1 year	352	1,030	254	360
Between 2 and 5 years	33	1,678	229	409
After more than 5 years	-	-	-	-
	<u>385</u>	<u>2,708</u>	<u>483</u>	<u>769</u>

### 26. CAPITAL COMMITMENTS

At 31 December, the Group had capital commitments as follows:

	2020 £'000	2019 £'000
Contracted for but not provided in these financial statements	-	218

**BELFIELD FURNISHINGS LIMITED**

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

**27. BUSINESS COMBINATIONS**

**Acquisition of Clinchplain Limited**

On 6 March 2020, the Company acquired the entire share capital of Clinchplain Limited using the purchase method. Clinchplain Limited became a 100% owned subsidiary with effect from that date.

The following table summarises the consideration paid by the Group and the fair value of the assets acquired and liabilities assumed at the acquisition date.

<b>Consideration</b>	<b>Fair value £'000</b>
Cash consideration	974
Loan notes	1,000
Transaction costs	90
	<hr/>
Fair value of consideration paid	2,064
	<hr/>
	<b>Book value and fair value £'000</b>
Tangible assets	493
Stocks	243
Debtors	1,444
Cash at bank and in hand	560
Creditors	(1,263)
Deferred tax	(58)
	<hr/>
Net assets	1,419
Goodwill (note 11)	645
	<hr/>
Total purchase consideration	2,064
	<hr/>
Consideration settled in cash	1,064
Cash in subsidiary acquired	(560)
	<hr/>
Cash outflow on acquisition	504
	<hr/>
	<b>Current period since acquisition £'000</b>
Turnover	4,574
	<hr/>
Profit on ordinary activities after taxation	157
	<hr/>



# BELFIELD FURNISHINGS LIMITED

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

### 27. BUSINESS COMBINATIONS (continued)

#### Group transfer of net assets of the mattress division of Belfield Furnishings Limited (Disposal group)

On 26 September 2020, the Company transferred the trade and net assets of the mattress division which operates from Ashton, Manchester to fellow group company, Usleep Limited.

The following table summarises the net assets transferred at fair value.

	Book value and fair value £'000
Tangible assets	1,233
Stocks	1,234
Debtors	3,247
Cash at bank and in hand	999
Creditors	(4,637)
Deferred tax	(215)
	<hr/>
Net assets	1,861
	<hr/>
Total consideration	1,861
	<hr/>

## BELFIELD FURNISHINGS LIMITED

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

#### 28. RELATED PARTY TRANSACTIONS

Key management personnel are remunerated through Palma Bidco Limited, a group company. During the year, the remuneration paid to key management personnel is as follows:

	2020 £'000	2019 £'000
Key management personnel compensation	831	1,002

#### 29. CONTINGENT LIABILITIES

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

From January 2013, Westbridge Furniture Designs Limited, a subsidiary of the Group, was eligible for a conditional grant from the Welsh Government. The terms of the grant were that if the company spent £522,500 on fixed assets and creates 153 new jobs over a three-year period, it could claim a conditional grant of £488,000, receivable in instalments.

As at 31 December 2015 Westbridge Furniture Designs Limited had fully met the asset spend and job creation criteria for the project. £388,000 had been received and released to the profit and loss account during the year ended 31 December 2014. A further £100,000 grant was receipt was received and released to the profit and loss account during 2016. No repayment of the grant is due, providing that the employee levels and asset spend are maintained at 153 employees and £522,500 of capital expenditure, until March 2021. The Group believe that no repayment of the grant will arise.

#### 30. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

The parent undertaking of the largest group for which consolidated accounts are prepared is Belfield Group Limited. The consolidated financial statements of Belfield Group Limited, within which this Company's accounts are included, may be obtained from Companies House, Cardiff, CF14 3UZ.