

LARKBURY GROUP LIMITED
Group Strategic Report,
Director's Report and
Consolidated Financial Statements
for the Year Ended 30 September 2020



LARKBURY GROUP LIMITED

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for the year ended 30 September 2020**

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LARKBURY GROUP LIMITED
Company Information
for the year ended 30 September 2020

Director: K Ahmed

Registered office: 1 Western Avenue Business Park
Mansfield Road
London
W3 0BZ

Registered number: 10076419 (England and Wales)

Auditors: Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

LARKBURY GROUP LIMITED
Group Strategic Report
for the year ended 30 September 2020

The Director presents his strategic report for the period ended 30 September 2020. This review is consistent with the size and nature of the business and is written in the context of the market sector that the company operates in and the opportunities, risks and uncertainties faced.

Review of business

The group's principal activities continue to be that of a manufacturer and retailer of luxury furniture.

The results for the year ended 30 September 2020 were below expectations due to the significant financial impact from the Covid-19 pandemic. Turnover declined by 26% predominately as a result of tough Government lockdown restrictions preventing non-essential businesses from opening in late spring/early summer 2020.

The group made a loss before interest, taxation, depreciation and amortisation of £385,056 (2019: -£2,861,366). This improvement was largely achieved by delivering significant reductions in business operating costs whilst at the same time improving Gross Profit by driving production efficiency and improving product margins.

Financial Key Performance Indicators

	2020	2019
Turnover	£11.9m	£16.0m
Gross Profit	£5.2m	£6.3m
Cash (Outflow) / Inflow	£1.9m	(£0.3m)

Principal risks and uncertainties

The following are considered by the director to be the principal risks and uncertainties for the group:

Covid-19: The risk of the Covid-19 pandemic continuing to disrupt business performance during 2021 (and beyond) is a major concern. The potential for further Government imposed restrictions and unplanned lockdown measures remains the most significant risk to the business delivering growth on its pre-pandemic turnover.

Competitive Risk: The luxury furniture and accessories industry is highly competitive and fragmented in nature due to the diversity of product offering and the strategic choice of companies to be specialized in one product segment offering. As such, it is difficult for retailers to negotiate high discounts from suppliers due to small volumes of transactions with these specialized suppliers.

Financial Risk Management: The group's principal financial instruments comprise cash and borrowings. The group has other financial instruments such as trade debtors and trade creditors which arise directly from operations and are reviewed for recoverability on a regular basis.

Future developments

The director is taking measures to ensure future profitability in the business. There are several strategic and operational projects that the group has initiated in order to build a solid foundation for future growth. The director also remains committed to enhancing the group's existing online presence by implementing ecommerce improvements to provide a more connected multi-channel customer shopping experience.

The company will continue to focus on enhancing the west London showroom and ensuring it is established as the number one destination in luxury furniture for both retail and trade customers.

The director will focus on stock reduction, enhancing the supply base and growing gross margin by establishing core product ranges and improving production efficiency.

LARKBURY GROUP LIMITED

**Group Strategic Report
for the year ended 30 September 2020**

Research & development activities

The group continues to invest in the development of new products and designs and improving the durability, comfort, quality and longevity of its products. We constantly seek, to improve our manufacturing process to enhance efficiency, reliability and safety.

The Company will also focus on the enhancement of core/best selling lines and curated product collections, known through Company sales data to perform well.

On behalf of the board:



.....
K Ahmed - Director

Date: 29 June 2021

LARKBURY GROUP LIMITED

**Director's Report
for the year ended 30 September 2020**

The director presents his report with the financial statements of the company and the group for the year ended 30 September 2020.

Dividends

No dividends will be distributed for the year ended 30 September 2020.

Directors

K Ahmed has held office during the whole of the period from 1 October 2019 to the date of this report.

Other changes in directors holding office are as follows:

I A Alfadle - resigned 19 December 2019

M W Sharbatly - resigned 19 December 2019

Donations

During the period donations of £36,099 were made to the Daanish Foundation whose vision is to promote the advancement of education for disadvantaged young people who are deprived from the right of education due to war and poverty.

Statement of director's responsibilities

The director is responsible for preparing the Group Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to disclosure of information to auditors

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

On behalf of the board:



K Ahmed - Director

Date: 29 June 2021

Independent Auditors' Report to the Members of Larkbury Group Limited

Opinion

We have audited the financial statements of Larkbury Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 September 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Director's view on the impact of COVID-19 is disclosed in the accounting policies.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Director's Report, but does not include the financial statements and our Auditors' Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**Independent Auditors' Report to the Members of
Larkbury Group Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Director's Report.

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities, the director is 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 director determines 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 director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.



Gary Staunton (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

29 June 2021

LARKBURY GROUP LIMITED

**Consolidated Statement of Comprehensive Income
for the year ended 30 September 2020**

	Notes	2020 £	2019 £
Turnover	3	11,854,470	16,001,619
Cost of sales		(6,605,432)	(9,730,252)
Gross profit		5,249,038	6,271,367
Distribution costs		(480,399)	(875,689)
Administrative expenses		(6,881,333)	(9,668,056)
		(2,112,694)	(4,272,378)
Other operating income	4	1,420,643	-
Operating loss		(692,051)	(4,272,378)
Profit on sale of fixed asset	7	-	890,545
		(692,051)	(3,381,833)
Interest receivable and similar income		-	10,472
		(692,051)	(3,371,361)
Interest payable and similar expenses	8	(83,804)	(197,325)
Loss before taxation	9	(775,855)	(3,568,686)
Tax on loss	10	12,588	471,149
Loss for the financial year		(763,267)	(3,097,537)
Other comprehensive income			
Disposal of Convertible Loan		187,989	-
Disposal of Convertible Equity		(379,079)	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		(191,090)	-
Total comprehensive income for the year		(954,357)	(3,097,537)
Loss attributable to: Owners of the parent		(763,267)	(3,097,537)
Total comprehensive income attributable to: Owners of the parent		(954,357)	(3,097,537)

The notes form part of these financial statements

LARKBURY GROUP LIMITED (REGISTERED NUMBER: 10076419)

Consolidated Balance Sheet
30 September 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	12		725,444		207,754
Tangible assets	13		1,424,242		1,458,375
Investments	14		-		-
			<u>2,149,686</u>		<u>1,666,129</u>
Current assets					
Stocks	15	5,110,360		5,214,487	
Debtors: amounts falling due within one year	16	1,196,609		3,406,708	
Debtors: amounts falling due after more than one year	16	386,438		901,238	
Cash at bank		2,334,873		460,257	
			<u>9,028,280</u>	<u>9,982,690</u>	
Creditors					
Amounts falling due within one year	17	10,449,536		11,327,804	
			<u>(1,421,256)</u>	<u>(1,345,114)</u>	
Net current liabilities					
Total assets less current liabilities			<u>728,430</u>		<u>321,015</u>
Creditors					
Amounts falling due after more than one year	18		-		(700,603)
Provisions for liabilities	21		(249,860)		(149,239)
Net assets/(liabilities)			<u>478,570</u>		<u>(528,827)</u>
Capital and reserves					
Called up share capital	22		16,500		16,500
Share premium	23		2,955,254		993,500
Other reserves	23		-		379,079
Retained earnings	23		(2,493,184)		(1,917,906)
Shareholders' funds			<u>478,570</u>		<u>(528,827)</u>

The financial statements were approved by the director and authorised for issue on and were signed by:



K Ahmed - Director

29 June 2021

The notes form part of these financial statements

LARKBURY GROUP LIMITED (REGISTERED NUMBER: 10076419)


Company Balance Sheet
30 September 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	12		74,729		-
Tangible assets	13		-		-
Investments	14		3,010,901		3,010,701
			<u>3,085,630</u>		<u>3,010,701</u>
Creditors					
Amounts falling due within one year	17	245,453		<u>1,170,524</u>	
Net current liabilities			<u>(245,453)</u>		<u>(1,170,524)</u>
Total assets less current liabilities			<u>2,840,177</u>		<u>1,840,177</u>
Creditors					
Amounts falling due after more than one year	18		-		<u>700,603</u>
Net assets			<u><u>2,840,177</u></u>		<u><u>1,139,574</u></u>
Capital and reserves					
Called up share capital	22		16,500		16,500
Share premium			2,955,254		993,500
Other reserves			-		379,079
Retained earnings			<u>(131,577)</u>		<u>(249,505)</u>
Shareholders' funds			<u><u>2,840,177</u></u>		<u><u>1,139,574</u></u>
Company's loss for the financial year			<u><u>(70,061)</u></u>		<u><u>(63,691)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the director and authorised for issue on and were signed by:

29 June 2021


K Ahmed - Director

The notes form part of these financial statements

LARKBURY GROUP LIMITED
Consolidated Statement of Changes in Equity
for the year ended 30 September 2020

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 October 2018	16,500	(690,502)	993,500
Changes in equity			
Total comprehensive income	-	(1,227,404)	-
Balance at 30 September 2019	16,500	(1,917,906)	993,500
Changes in equity			
Issue of share capital	-	-	1,961,754
Total comprehensive income	-	(575,278)	-
Balance at 30 September 2020	16,500	(2,493,184)	2,955,254
	Revaluation reserve £	Other reserves £	Total equity £
Balance at 1 October 2018	1,870,133	379,079	2,568,710
Changes in equity			
Total comprehensive income	(1,870,133)	-	(3,097,537)
Balance at 30 September 2019	-	379,079	(528,827)
Changes in equity			
Issue of share capital	-	-	1,961,754
Total comprehensive income	-	(379,079)	(954,357)
Balance at 30 September 2020	-	-	478,570

The notes form part of these financial statements

LARKBURY GROUP LIMITED

Company Statement of Changes in Equity
for the year ended 30 September 2020

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 October 2018	16,500	(185,814)	993,500	379,079	1,203,265
Changes in equity					
Total comprehensive income	-	(63,691)	-	-	(63,691)
Balance at 30 September 2019	16,500	(249,505)	993,500	379,079	1,139,574
Changes in equity					
Issue of share capital	-	-	1,961,754	-	1,961,754
Total comprehensive income	-	117,928	-	(379,079)	(261,151)
Balance at 30 September 2020	16,500	(131,577)	2,955,254	-	2,840,177

The notes form part of these financial statements

LARKBURY GROUP LIMITED
Consolidated Cash Flow Statement
for the year ended 30 September 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	27	2,638,524	(1,511,366)
Interest paid		(83,804)	(197,325)
Tax paid		113,209	123,766
Net cash from operating activities		<u>2,667,929</u>	<u>(1,584,925)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(552,243)	(172,254)
Purchase of tangible fixed assets		(238,309)	(538,259)
Sale of tangible fixed assets		-	4,071,415
Interest received		-	10,472
Net cash from investing activities		<u>(790,552)</u>	<u>3,371,374</u>
Cash flows from financing activities			
Loan repayments in year		(1,700,603)	(1,961,632)
Loan disposal		1,770,663	-
Capital repayments in year		(72,821)	(126,257)
Net cash from financing activities		<u>(2,761)</u>	<u>(2,087,889)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,874,616</u>	<u>(301,440)</u>
Cash and cash equivalents at beginning of year	28	460,257	761,697
Cash and cash equivalents at end of year	28	<u><u>2,334,873</u></u>	<u><u>460,257</u></u>

The notes form part of these financial statements

LARKBURY GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 30 September 2020

1. Statutory information

Larkbury Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. Accounting policies

Basis of preparing the financial statements

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

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. The COVID-19 pandemic resulted in the directors testing their cash flow analysis to take into account the impact on their business and possible scenarios brought on by the impact of COVID-19, as well as evaluating the measures that they can take to mitigate the impact. Based on these assessments, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The financial statements consolidate the financial statements of Larkbury Group Limited and all of its subsidiary undertakings ('subsidiaries') as disclosed under note 13.

Turnover

Turnover represents sales net of value added tax, trade discounts and rebates and is recognised at the point of delivery of goods to the customer.

Intangible assets

Intangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Website	- 33% on straight line
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Tangible fixed assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. The freehold property is being recognised at fair value based on period valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to revaluation reserves in shareholders' equity.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% on straight line
Leasehold property improvements	- Over the life of the lease
Plant and machinery	- 20% on straight line
Fixtures and fittings	- 33% on reduced balance
Motor Vehicles	- 25% on reduced balance

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Work in progress and manufactured stock include an apportionment of overheads.

LARKBURY GROUP LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 30 September 2020

2. Accounting policies - continued

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the group's cash management.

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the Statement of Comprehensive Income.

Finance leases and hire purchase contracts

Assets obtained under finance leases are capitalised in the balance sheet. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Statement of Comprehensive Income over the relative period. The capital element of the future payments is treated as a liability.

Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to Statement of Comprehensive Income in the period to which they relate.

LARKBURY GROUP LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 30 September 2020

2. Accounting policies - continued

Accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates in determining the carrying amounts of certain assets and liabilities. Management makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The management's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgement in respect of measuring financial instruments.

Bad debt provision

There is estimation uncertainty in calculating bad debt provisions. Overdue and irrecoverable debtors are monitored during the year. A review of the bad debt provision is carried out at the year-end to ensure debtors that are unlikely to be recovered are put forward for provision. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the ultimate unrealised value of debtors held.

Stock provision

There is estimation uncertainty in calculating stock provisions. Slow moving and obsolete stocks are monitored during the year. A review of stock provisions is carried out at the year-end and slow-moving stock without forward sales order cover is identified and put forward for provision. Whilst every attempt is made to ensure that the stock provisions are as accurate as possible, there remains a risk that the provisions do not match the ultimate unrealised value of stock held.

Depreciation and amortisation

There is estimation uncertainty in calculating depreciation and amortisation on fixed assets, as they are being written down on a straight line and reducing balance basis over their estimated useful economic life, which may not match their actual useful life.

Dilapidation costs of leased premises

The provision for dilapidations represents the current estimated costs of repairs to leased properties required prior to properties being returned at the end of the leases.

3. Turnover

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	10,714,296	14,186,272
Europe	252,398	522,776
Rest of the world	887,776	1,292,571
	<u>11,854,470</u>	<u>16,001,619</u>

4. Other operating income

	2020	2019
	£	£
Other Income	108,017	-
Furlough Income	1,312,626	-
	<u>1,420,643</u>	<u>-</u>

LARKBURY GROUP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 September 2020**

5. Employees and directors

	Year ended 30/9/20	Year ended 30/9/19
	£	£
Wages and salaries	5,082,364	6,798,512
Social security costs	508,668	724,297
Other pension costs	67,983	69,228
	<u>5,659,015</u>	<u>7,529,037</u>

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

	Year ended 30/9/20	Year ended 30/9/19
Management	6	6
Sales	23	30
Manufacturing	49	101
Administration	58	43
	<u>136</u>	<u>180</u>

6. Director's emoluments

	2020	2019
	£	£
Directors' remuneration	<u>170,954</u>	<u>167,500</u>

The director did not accrue any benefits under the defined contribution pension scheme.

7. Exceptional items

	2020	2019
	£	£
Profit on sale of fixed asset	<u>-</u>	<u>890,545</u>

8. Interest payable and similar expenses

	2020	2019
	£	£
Interest on other loans	10,087	108,808
Interest on obligations under finance leases and hire purchase contracts	-	16,773
Interest on banks loans and overdrafts	<u>73,717</u>	<u>71,744</u>
	<u>83,804</u>	<u>197,325</u>

LARKBURY GROUP LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 30 September 2020

9. Loss before taxation

The loss is stated after charging/(crediting):

	2020	2019
	£	£
Hire of plant and machinery	32,470	81,114
Other operating leases	1,046,372	1,114,204
Depreciation - owned assets	272,442	492,386
Website development amortisation	34,553	28,081
Auditors' remuneration	25,000	32,000
Foreign exchange differences	(3,584)	(3,481)
Defined contribution plans expense	67,983	68,351
	<u>67,983</u>	<u>68,351</u>

10. Taxation

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
Prior year adjustments	-	(125,550)
No description	(113,209)	-
Total current tax	(113,209)	(125,550)
Deferred tax	100,621	(345,599)
Tax on loss	<u>(12,588)</u>	<u>(471,149)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Loss before tax	<u>(775,855)</u>	<u>(3,568,686)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(147,412)	(678,050)
Effects of:		
Expenses not deductible for tax purposes	11,328	-
Effect of fixed assets forward	88,154	77,976
Utilisation of tax losses brought forward	148,551	254,475
Adjustment to prior years	(113,209)	(125,550)
Total tax credit	<u>(12,588)</u>	<u>(471,149)</u>

Tax effects relating to effects of other comprehensive income

	Gross	Tax	2020 Net
	£	£	£
Disposal of Convertible Loan	187,989	-	187,989
Disposal of Convertible Equity	(379,079)	-	(379,079)
	<u>(191,090)</u>	<u>-</u>	<u>(191,090)</u>

LARKBURY GROUP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 September 2020**

10. Taxation - continued

	Gross £	Tax £	2019 Net £
Revaluation on freehold property	<u> </u>	<u> </u>	<u> </u>

11. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

12. Intangible fixed assets

Group

	Website development £
Cost	
At 1 October 2019	310,923
Additions	552,243
At 30 September 2020	<u>863,166</u>
Amortisation	
At 1 October 2019	103,169
Amortisation for year	34,553
At 30 September 2020	<u>137,722</u>
Net book value	
At 30 September 2020	<u>725,444</u>
At 30 September 2019	<u>207,754</u>

Company

	Website development £
Cost	
Additions	74,729
At 30 September 2020	<u>74,729</u>
Net book value	
At 30 September 2020	<u>74,729</u>

LARKBURY GROUP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 September 2020**

13. Tangible fixed assets

Group	Leasehold property improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 October 2019	1,836,281	1,238,754	667,216	41,950	3,784,201
Additions	195,242	8,584	34,483	-	238,309
At 30 September 2020	2,031,523	1,247,338	701,699	41,950	4,022,510
Depreciation					
At 1 October 2019	543,342	1,147,256	597,660	37,568	2,325,826
Charge for year	153,933	48,618	66,895	2,996	272,442
At 30 September 2020	697,275	1,195,874	664,555	40,564	2,598,268
Net book value					
At 30 September 2020	1,334,248	51,464	37,144	1,386	1,424,242
At 30 September 2019	1,292,939	91,498	69,556	4,382	1,458,375

14. Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 October 2019	3,010,701
Additions	200
At 30 September 2020	3,010,901
Net book value	
At 30 September 2020	3,010,901
At 30 September 2019	3,010,701

LARKBURY GROUP LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 30 September 2020

14. Fixed asset investments - continued

Subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding
The Sofa & Chair Co. Limited	England and Wales	Ordinary	100%
Luxury Furniture Sale Limited	England and Wales	Ordinary	100%
L&C Curtain Company Limited	England and Wales	Ordinary	100%
Silk & Sand Limited	England and Wales	Ordinary	100%
Larkbury London Limited	England and Wales	Ordinary	100%

The aggregate of the share capital and reserves as at 30 September 2020 and profit/(loss) for the period ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(loss)
The Sofa & Chair Co. Limited	680,974	(721,556)
Luxury Furniture Sale Limited	(31,730)	28,350
L&C Curtain Company Limited	1	-
Silk & Sand Limited	100	-
Larkbury London Limited	100	-

15. Stocks

	Group	
	2020	2019
	£	£
Stocks	5,110,360	5,214,487

16. Debtors

	Group	
	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	120,958	305,425
Other debtors	814,929	2,428,331
Prepayments and accrued income	260,722	672,952
	<u>1,196,609</u>	<u>3,406,708</u>
Amounts falling due after more than one year:		
Other debtors	<u>386,438</u>	<u>901,238</u>
Aggregate amounts	<u>1,583,047</u>	<u>4,307,946</u>

LARKBURY GROUP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 September 2020**

17. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Other loans (see note 19)	-	1,000,000	-	1,000,000
Hire purchase contracts (see note 20)	-	72,821	-	-
Payments on account	2,146,665	2,215,638	-	-
Trade creditors	1,416,773	1,663,429	-	-
Amounts owed to group undertakings	-	-	245,453	170,524
Social security and other taxes	1,013,822	177,548	-	-
VAT	819,262	432,446	-	-
Other creditors	3,122,725	3,882,326	-	-
Directors' current accounts	71,597	143,597	-	-
Accruals and deferred income	1,858,692	1,739,999	-	-
	<u>10,449,536</u>	<u>11,327,804</u>	<u>245,453</u>	<u>1,170,524</u>

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Other loans (see note 19)	<u>-</u>	<u>700,603</u>	<u>-</u>	<u>700,603</u>

19. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year or on demand:				
Other loans	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Amounts falling due between two and five years:				
Other loans - 2-5 years	<u>-</u>	<u>700,603</u>	<u>-</u>	<u>700,603</u>

20. Leasing agreements

Minimum lease payments fall due as follows:

Group	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>72,821</u>

LARKBURY GROUP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 September 2020**

20. Leasing agreements - continued

Group

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	1,153,361	1,887,542
Between one and five years	4,515,690	3,536,917
In more than five years	4,963,333	6,600,000
	<u>10,632,384</u>	<u>12,024,459</u>

21. Provisions for liabilities

	Group	
	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	<u>149,860</u>	<u>49,239</u>
Other provisions	<u>100,000</u>	<u>100,000</u>
Aggregate amounts	<u>249,860</u>	<u>149,239</u>
Group		
	Deferred tax	Other provisions
	£	£
Balance at 1 October 2019	49,239	100,000
Provided during year	100,621	-
Balance at 30 September 2020	<u>149,860</u>	<u>100,000</u>

Other provisions

A dilapidation provision is held for the cost of restoring a leasehold property to an agreed state upon exit.

22. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
1,300,001	Ordinary A	£0.01	13,000	13,000
350,000	Ordinary B	£0.01	3,500	3,500
			<u>16,500</u>	<u>16,500</u>

1 Ordinary A share of £0.01 was allotted as fully paid at a premium of £1,961,754 during the year.

LARKBURY GROUP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 September 2020**

23. Reserves

Group	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 October 2019	(1,917,906)	993,500	379,079	(545,327)
Deficit for the year	(763,267)			(763,267)
Issue of share capital	-	1,961,754	-	1,961,754
Disposal of Convertible Loan	187,989	-	-	187,989
Disposal of Convertible Equity	-	-	(379,079)	(379,079)
At 30 September 2020	<u>(2,493,184)</u>	<u>2,955,254</u>	<u>-</u>	<u>462,070</u>

Other reserves relates to the equity element of a convertible loan.

24. Pension commitments

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £64,335 (2019: £68,351) and balance payable at 30 September 2020 was £21,121 (2019: £49,121).

25. Directors' advances, credits and guarantees

At 30 September 2020, the balance owed to the director is £71,597 (2019: £143,597). No interest was payable on the balance.

26. Related party disclosures

During the year, the group purchased goods totalling £1,656,550 (2019: £1,373,521) from companies in which the directors have an interest. At the year end, an amount of £435,965 (2019: £163,192) was owed from these companies.

27. Reconciliation of loss before taxation to cash generated from operations

	2020 £	2019 £
Loss before taxation	(775,855)	(3,568,686)
Depreciation charges	306,995	520,467
Profit on disposal of fixed assets	-	(890,545)
Finance costs	83,804	197,325
Finance income	-	(10,472)
	<u>(385,056)</u>	<u>(3,751,911)</u>
Decrease/(increase) in stocks	104,127	(561,200)
Decrease/(increase) in trade and other debtors	2,724,899	(2,038,351)
Increase in trade and other creditors	194,554	4,840,096
Cash generated from operations	<u><u>2,638,524</u></u>	<u><u>(1,511,366)</u></u>

LARKBURY GROUP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 September 2020**

28. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2020

	30/9/20 £	1/10/19 £
Cash and cash equivalents	2,334,873	460,257

Year ended 30 September 2019

	30/9/19 £	1/10/18 £
Cash and cash equivalents	460,257	761,697

29. Analysis of changes in net (debt)/funds

	At 1/10/19 £	Cash flow £	At 30/9/20 £
Net cash			
Cash at bank	460,257	1,874,616	2,334,873
	<u>460,257</u>	<u>1,874,616</u>	<u>2,334,873</u>
Debt			
Finance leases	(72,821)	72,821	-
Debts falling due within 1 year	(1,000,000)	1,000,000	-
Debts falling due after 1 year	(700,603)	700,603	-
	<u>(1,773,424)</u>	<u>1,773,424</u>	<u>-</u>
Total	<u>(1,313,167)</u>	<u>3,648,040</u>	<u>2,334,873</u>