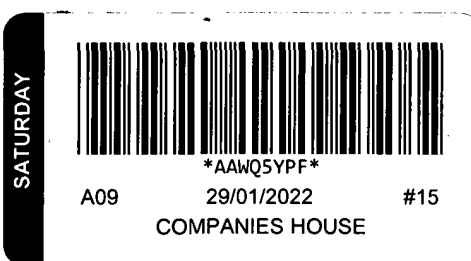


Registered number: 01701103

NEVILLE JOHNSON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021



NEVILLE JOHNSON LIMITED

COMPANY INFORMATION

Directors	W K Bennett J Forrester L M Quinlan S P Meyrick N J Pailing J M Coulthard (appointed 1 January 2021) M R Grenier (appointed 1 September 2020)
Company secretary	W K Bennett
Registered number	01701103
Registered office	Broad oak Business Park Ashburton Road West Trafford Park Manchester M17 1RW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11th Floor Landmark, St Peter's Square 1 Oxford Street Manchester M1 4PB
Bankers	Royal Bank of Scotland plc Mosley Street Manchester M60 2BE
Solicitors	Ward Hadaway LLP The Observatory Chapel Walks Manchester M2 1HL

NEVILLE JOHNSON LIMITED

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NEVILLE JOHNSON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2021

Introduction

The Company is a leading UK luxury home interior specialist trading under the Neville Johnson brand. The business designs, manufactures, retails and installs bespoke home luxury furniture and staircase renovations and engages with customers online with a focused digital marketing approach.

Business review

The Company continued to be affected by Covid-19 during FY21 with manufacturing units closed in the first month of the year.

Despite these disruptions the Company experienced strong demand for its products benefitting from clients increased focus on the home and the continuation of the digital shift where Neville Johnson's customer demographics have significantly increased their digital activity. This has allowed the company to reduce its' marketing spend and cost per acquisition of order whilst maintaining demand.

The significant reduction in marketing spend within distribution costs is the main driver in reporting an increase in operating profit from a loss of £0.5m to profit of £2.8m.

The Company also substantially increased its outstanding order book by £5m to £15m.

The Company's strategy is to continue to strengthen its position as the leading quality fitted products supplier for the home throughout the UK.

Principal risks and uncertainties

The Company uses various financial instruments which comprise borrowings, some cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations. The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

Price risk

The Company is exposed to price risk as a result of its operations, which are competitive in nature. However, the directors consider that they are close enough to the market to be able to react quickly to price changes and hence manage the impact on the Company's performance.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Company continues to maintain adequate cash balances to fund its working capital requirement.

NEVILLE JOHNSON LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021**

Fixed cost base risk

The Company has a strategy to minimise the risk of carrying fixed costs through committing as much as possible of its expenditure on overheads on a variable basis.

Financial key performance indicators

The Company has a number of key performance indicators used by management in the effective running of the business.

These include:

- Monthly measures on generation of leads, orders, and turnover (shipments)
- Strict cost and overhead controls
- Working capital and cash control measures and reporting

Other management KPI's which are confidential to the business include measures on order intake and marketing data and operational efficiencies.

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

Keith Bennett

W K Bennett
Director
Date: 28/1/2022

NEVILLE JOHNSON LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

The directors present their report and the financial statements for the year ended 30 April 2021.

Principal activity

The Company's principal activity is the marketing, design, manufacture and installation of luxury quality fitted furniture for the home including home studies, lounges, libraries, bedrooms and staircase renovations.

Results and dividends

The profit for the year, after taxation, amounted to £2,237,000 (2020 - loss £555,000).

A dividend of £Nil was paid in the year (2020: £5,134,000).

Directors

The directors who served during the year were:

W K Bennett
J Forrester
L M Quinlan
S P Meyrick
N J Pailing
J M Coulthard (appointed 1 January 2021)
M R Grenier (appointed 1 September 2020)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NEVILLE JOHNSON LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021**

Future developments

The Company's strategy is to continue to strengthen its position as the leading provider of quality fitted products for the home throughout the UK in addition to evaluating acquisitional opportunities. As the Company primarily drives leads and therefore orders on-line the business will benefit from both the increased focus by clients on the home and increased digital capability and activity of Company's targets demographics.

Neville Johnson is a long-established provider of quality bespoke fitted home furniture and has a substantial loyal customer base. Its staircase division has a dominant position as the market leader for staircase renovations in its market sector.

The Company has strengthened its' position as the 'go to' brand for 'high-end' clients looking to furnish their home with luxury bespoke products.

The business makes substantial investments in new product developments across its brands and has a continual flow of new products being launched to the market reflecting the latest styles and trends for luxury bespoke fitted furniture for the home.

Charitable donations

The Company supports a number of national and location charities as well as encouraging employees to support various charity fund raising events.

Charitable donations in FY21 were £10,000 in FY21 (*£13,000 FY20*).

Qualifying third party indemnity provisions

The Company insures against third party indemnity risks through its Directors' and Officers' (D&O) liability insurance policy.

Going concern

Management have assessed the suitability of the going concern assumption on a Group basis due to the Group facilities in place. COVID-19 has caused significant market disruption and the Group and its subsidiaries, like most businesses suffered a reduction in revenues during the lockdown period introduced by the government to help contain the pandemic.

The Group operates in the Home Improvement market designing and installing quality fitted furniture and staircase renovations. These markets have seen a good recovery which together with the strong demand for its brands and increasing market share has enabled the Companies return to pre COVID activity levels.

The Group has therefore seen a strong cash generation since 30 April and has not sought any support from the government backed COVID loan schemes but has taken advantage of the government furlough scheme, particularly through the lockdown period when there was no sales activity.

The Group regularly updates their forecasts on profit, cash and debt position and they produce those forecasts on a prudent basis with sufficient potential headroom to cover reasonable levels of downturn.

The directors, together with management, having reviewed the budgets and forecasts for the 12 months from the date of this report, its cash generation, resources and medium-term plans, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements.

As such, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

NEVILLE JOHNSON LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021**

Post balance sheet events

There have been no post balance sheet events since 30 April 2021.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

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

Keith Bennett

W K Bennett
Director
Date: 28/1/2022



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEVILLE JOHNSON LIMITED

Opinion

We have audited the financial statements of Neville Johnson Limited (the 'Company') for the year ended 30 April 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEVILLE JOHNSON LIMITED (CONTINUED)

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 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEVILLE JOHNSON LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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 for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEVILLE JOHNSON LIMITED (CONTINUED)

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and the Companies Act 2006);
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management, and those charged with governance of the entity. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included; Evaluation of the processes and controls established to address the risks related to irregularities and fraud and testing of journal entries, in particular entries relating to management estimates, large or unusual transactions;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature;
- From the procedures performed we did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- In assessing the potential risks of material misstatement, we obtained an understanding of; The Company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and the Company's control environment including the adequacy of procedures for the authorisation of transactions



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEVILLE JOHNSON LIMITED (CONTINUED)

Use of our report

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

Stuart Muskett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date:

NEVILLE JOHNSON LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2021

	Note	2021 £000	2020 £000
Turnover	4	28,442	28,146
Cost of sales		(13,269)	(13,368)
Gross profit		15,173	14,778
Distribution costs		(10,650)	(13,491)
Administrative expenses		(2,326)	(2,172)
Other operating income	5	589	373
Operating profit/(loss)	6	2,786	(512)
Interest receivable and similar income	10	-	1
Interest payable and expenses	11	(6)	(6)
Profit/(loss) before tax		2,780	(517)
Tax on profit/(loss)	12	(543)	(38)
Profit/(loss) for the financial year		2,237	(555)
Total comprehensive income for the year		2,237	(555)

All amounts relate to continuing operations.

The notes on pages 14 to 28 form part of these financial statements.

NEVILLE JOHNSON LIMITED
REGISTERED NUMBER:01701103

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	14	1,032	1,445
		<u>1,032</u>	<u>1,445</u>
Current assets			
Stocks	15	359	415
Debtors: amounts falling due within one year	16	20,326	15,583
Cash at bank and in hand	17	1,358	1,450
		<u>22,043</u>	<u>17,448</u>
Creditors: amounts falling due within one year	18	(21,260)	(19,311)
Net current assets/(liabilities)		<u>783</u>	<u>(1,863)</u>
Total assets less current liabilities		<u>1,815</u>	<u>(418)</u>
Creditors: amounts falling due after more than one year	19	-	(4)
Net assets/(liabilities)		<u><u>1,815</u></u>	<u><u>(422)</u></u>
Capital and reserves			
Called up share capital	21	11	11
Profit and loss account	22	1,804	(433)
		<u><u>1,815</u></u>	<u><u>(422)</u></u>

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

Keith Bennett

W K Bennett
 Director
 Date: 28/1/2022

The notes on pages 14 to 28 form part of these financial statements.

NEVILLE JOHNSON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 May 2020	11	(433)	(422)
Comprehensive income for the year			
Profit for the year	-	2,237	2,237
At 30 April 2021	11	1,804	1,815

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 May 2019	11	5,256	5,267
Comprehensive income for the year			
Loss for the year	-	(555)	(555)
Dividends: equity capital	-	(5,134)	(5,134)
At 30 April 2020	11	(433)	(422)

The dividend was approved prior to the onset of COVID-19 impacts. At the time of dividend approval there were sufficient available reserves

The notes on pages 14 to 28 form part of these financial statements.

NEVILLE JOHNSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

1. Company information

Neville Johnson Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Broadoak Business Park, Ashburton Road West, Trafford Park, Manchester, M17 1RW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of BHID Group Limited as at 30 April 2021 and these financial statements may be obtained from Broadoak Business Park Ashburton Road West, Trafford Park, Manchester, Greater Manchester, M17 1RW.

NEVILLE JOHNSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. Accounting policies (continued)

2.3 Going concern

Management have assessed the suitability of the going concern assumption on a Group basis due to the Group facilities in place. COVID-19 has caused significant market disruption and the Group and its subsidiaries, like most businesses suffered a reduction in revenues during the lockdown period introduced by the government to help contain the pandemic.

The Group operates in the Home Improvement market designing and installing quality fitted furniture and staircase renovations. These markets have seen a good recovery which together with the strong demand for its brands and increasing market share has enabled the Companies return to pre COVID activity levels.

The Group has therefore seen a strong cash generation since 30 April and has not sought any support from the government backed COVID loan schemes but has taken advantage of the government furlough scheme, particularly through the lockdown period when there was no sales activity.

The Group regularly updates their forecasts on profit, cash and debt position and they produce those forecasts on a prudent basis with sufficient potential headroom to cover reasonable levels of downturn.

The directors, together with management, having reviewed the budgets and forecasts for the 12 months from the date of this report, its cash generation, resources and medium-term plans, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements.

As such, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised upon delivery of the goods manufactured by the Group to the extent that the economic benefits will flow to the Company. All costs relating to provision of any third party goods or services are provided for. The Group produces bespoke luxury designed products and therefore on installation it transfers the significant risks and rewards of ownership to the buyer.

2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. 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 remainder of the lease
Plant & machinery	-	7 - 25%
Office equipment	-	20 - 33%

NEVILLE JOHNSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.7 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw material, consumable and finished goods - purchase cost on a first-in, first-out basis. Work in progress - cost of direct materials and labour plus attributable overheads based on normal levels of activity.

Net realisable value is based on the estimated selling price less any further costs expected to be incurred to completion and disposal.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), 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 debtors and creditors, 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 in case of an outright short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

NEVILLE JOHNSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

2.10 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.

2.11 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.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income 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 the Statement of comprehensive income in the same period as the related expenditure.

Furlough income, which is a grant awarded by the government, is recognised in income over the periods in which the Company recognises the related costs for which the grant is intended to compensate.

2.13 Finance costs

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

2.14 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.

NEVILLE JOHNSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. Accounting policies (continued)

2.15 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

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

2.16 Interest income

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

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)
2.18 Current and deferred taxation (continued)

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

2.19 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of comprehensive income.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements are estimates have been made include:

- Stock provision,
- Useful economic lives of tangible fixed assets for depreciation.

4. Turnover

Turnover is attributable to one continuing activity, the marketing, design, manufacture and installation of quality fitted furniture for home studies, lounges, home cinemas, offices, bedrooms and staircases.

All turnover arose within the United Kingdom.

5. Other operating income

	2021	2020
	£000	£000
Government grants receivable	589	373

In the current and prior year, government grant income related to the COVID-19 outbreak.

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

6. Operating profit/(loss)

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

	2021 £000	2020 £000
Depreciation of tangible fixed assets	588	638
Operating lease rentals - land & buildings	511	513
Operating lease rentals - other operating leases	417	485
	<u>417</u>	<u>485</u>

7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	16	14
Fees payable to the Company's auditor and its associates in respect of: Taxation compliance services	4	3
	<u>20</u>	<u>17</u>

8. Staff Costs

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

	2021 £000	2020 £000
Wages and salaries	7,121	7,537
Social security costs	782	810
Cost of defined contribution scheme	289	291
	<u>8,192</u>	<u>8,638</u>

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

8. Staff Costs (continued)

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

	2021 No.	2020 No.
Production and Installation	85	89
Sales, marketing and design	110	127
Administration	19	19
	<u>214</u>	<u>235</u>

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	850	737
Company contributions to defined contribution pension schemes	56	55
	<u>906</u>	<u>792</u>

During the year retirement benefits were accruing to 7 directors (2020 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £201,000 (2020 - £199,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2020 - £10,000).

10. Interest receivable

	2021 £000	2020 £000
Bank interest receivable	<u>-</u>	<u>1</u>

11. Interest payable and similar expenses

	2021 £000	2020 £000
Finance costs amortisation	<u>6</u>	<u>6</u>

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

12. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	543	38
Total current tax	<u>543</u>	<u>38</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>543</u>	<u>38</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	2,780	(517)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	528	(98)
Effects of:		
Expenses not deductible for tax purposes	3	1
Depreciation in excess of capital allowances	9	13
Adjustments in respect of prior periods	-	3
Adjust opening deferred tax to average rate of 19%	-	(2)
Adjustments to tax charge in respect of previous periods - deferred tax	3	19
Group relief	-	102
Total tax charge for the year	<u>543</u>	<u>38</u>

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

12. Taxation (continued)
Factors that may affect future tax charges

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. Accordingly, this rate is applicable in the measurement of deferred tax assets and liabilities at 31 December 2020. Deferred tax has been provided at 19% being the rate at which temporary differences are expected to reverse. However, in March 2021, the 2021 Budget included an announcement to increase the standard rate of corporation tax rate from 19% to 25% from 1 April 2023. It is expected this will be substantively enacted during Summer 2021. Since the rate increase was not substantively enacted at the balance sheet date, deferred tax has been provided at 19%. The maximum impact on deferred tax balances of the rate increase that will be applicable once the change has been substantively enacted, is estimated to be a net nil.

13. Dividends

	2021	<i>2020</i>
	£000	<i>£000</i>
Dividends	-	5,134

On 22 October 2019, a dividend of £462.10 per ordinary share was paid.

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

14. Tangible fixed assets

	L/Term Leasehold Property £000	Plant & machinery £000	Office equipment £000	Total £000
Cost				
At 1 May 2020	554	1,469	1,594	3,617
Additions	18	5	152	175
Disposals	-	(3)	(354)	(357)
At 30 April 2021	572	1,471	1,392	3,435
Depreciation				
At 1 May 2020	250	982	940	2,172
Charge for the year on owned assets	102	129	357	588
Disposals	-	(3)	(354)	(357)
At 30 April 2021	352	1,108	943	2,403
Net book value				
At 30 April 2021	220	363	449	1,032
At 30 April 2020	304	487	654	1,445

The net book value of land and buildings may be further analysed as follows:

	2021 £000	2020 £000
Long leasehold	220	304

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

15. Stocks

	2021 £000	2020 £000
Raw materials and consumables	203	230
Work in progress	156	185
	<u>359</u>	<u>415</u>

Stocks are stated after provisions for impairment of £34,000 (2020: £62,000).

16. Debtors

	2021 £000	2020 £000
Trade debtors	469	257
Amounts owed by group undertakings	18,002	13,553
Other debtors	1,433	1,025
Prepayments and accrued income	412	473
Corporation tax	-	273
Deferred taxation	10	2
	<u>20,326</u>	<u>15,583</u>

Amounts owed by group undertakings are repayable on demand, unsecured and bear no interest.

The trade debtors includes a provision for impairment of £174k (2020: £207k).

17. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	<u>1,358</u>	<u>1,450</u>

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**18. Creditors: Amounts falling due within one year**

	2021	2020
	£000	£000
Trade creditors	1,655	2,766
Amounts owed to group undertakings	10,958	10,602
Corporation tax	97	-
Other taxation and social security	1,030	1,197
Obligations under finance lease and hire purchase contracts	-	45
Payments on account	6,776	4,222
Accruals and deferred income	744	479
	21,260	19,311

Amounts owed by group undertakings are repayable on demand, unsecured and bear no interest.

19. Creditors: Amounts falling due after more than one year

	2021	2020
	£000	£000
Net obligations under finance leases and hire purchase contracts	-	4

Finance leases and hire purchase contracts are secured on the assets to which they relate.

20. Deferred taxation

	2021	2020
	£000	£000
At beginning of year	2	36
Charged to profit or loss	8	(34)
At end of year	10	2

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2021	<i>2020</i>
	£000	<i>£000</i>
Fixed asset timing differences	(1)	(19)
Short term timing differences	11	21
	<u>10</u>	<u>2</u>

21. Share capital

	2021	<i>2020</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
11,110 (2020 - 11,110) Ordinary shares of £1 each	<u>11</u>	<u>11</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

22. Reserves**Profit & loss account**

Includes all current and prior period retained profits and losses.

23. Contingent liabilities

The Company is subject to a joint bank guarantee with its parent undertaking, the BHID Group and its subsidiaries. The contingent liability at 30 April 2021 was £7,870,000 (2020: £12,450,000).

The Company is a joint obligator under a security trust deed dated 29 May 2014, of which Alcuin Capital Partners LLP is the security trustee, in respect of loan notes owed to shareholders totalling £Nil (2020: £3,096,000).

24. Capital commitments

Amounts contracted for but not provided in the accounts amounted to £4,000 (2020: £Nil).

NEVILLE JOHNSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and are detailed in note 8. Contributions totalling £Nil (2020: £Nil) were payable to the fund at the Statement of financial position date and are included in creditors.

26. Commitments under operating leases

At 30 April 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Land and buildings		
Not later than 1 year	490	469
Later than 1 year and not later than 5 years	1,822	1,682
Later than 5 years	2,797	2,881
	<u>5,109</u>	<u>5,032</u>
	2021 £000	2020 £000
Other		
Not later than 1 year	348	391
Later than 1 year and not later than 5 years	310	319
	<u>658</u>	<u>710</u>

27. Related party transactions

The Company has taken advantage of the exemption with FRS 102 (section 33) and has not disclosed transactions with fellow group undertakings. Management determine that key management personnel are the directors of the Company whose remuneration is disclosed in note 9.

28. Parent undertaking and controlling party

The directors consider that the ultimate undertaking of the Company is BHID Group Limited which is registered in England and Wales. Alcuin Capital Partners LLP (Alcuin) holds 49% shareholding in BHID Group Limited. The immediate parent undertaking is Neville Johnson Offices Limited which is registered in England and Wales.