
Collins and Hayes Furniture Limited

Annual Report &
Financial Statements
30 June 2023

Registered number 10879511

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Collins and Hayes Furniture Limited

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Collins and Hayes Furniture Limited

Strategic report for the year ended 30 June 2023

The directors submit their strategic report on the company for the year ended 30 June 2023.

Principal activity

The principal activity of the company is the design and sale of upholstered furniture.

Review of business and future developments

The Collins and Hayes brand performed reasonably well in difficult market conditions with flat sales delivering significantly improved operating profit mainly due to a material reduction in administrative expenses. This reduction was due to the group restructure.

Work is presently underway to build on the strength of the Collins and Hayes brand by introducing some lower priced, more contemporary models into the collection. The early response to this new direction has been very well received by retailers and we are confident that our distribution will increase as a result.

The company continues to use a range of well-established and appropriate key performance indicators (KPIs) to monitor the progress of the business from both a quantitative and qualitative perspective. The key KPIs for the business are gross sales, gross profit, overheads and pre-tax profit.

The company's cash reserves together with the working capital facilities made available through its parent company are more than adequate to meet the requirements of the business during the year ahead.

The Directors are confident that a growth in profitability will be achieved in the new financial year.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties for the business relate primarily to the performance of the UK economy and competition in the upholstery market. Appropriate strategies have been put in place to mitigate these risks.

The directors will continually monitor the principal and other risks and uncertainties for the business.

Section 172 Statement

This statement by the Board of Directors describes how they have approached their responsibilities under S172(1) (a) to (f) of the Companies Act 2006 in the financial period ending 30 June 2023.

The directors promote the success of the company for the benefit of the shareholders whilst taking into account, amongst other matters, the items headed up below.

Consequences of any decision in the long term

The Board of Directors monitor and review strategic objectives, against long term growth plans. Regular reviews are held across key business areas including; financial performance, risks and opportunities, health & safety, human resources and operations. The company's performance and progress are reviewed regularly at board meetings.

Interests of the company's employees

Employees are the company's main asset. We aim to be a responsible employer in our approach to the pay and the benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

Customers

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

Collins and Hayes Furniture Limited

Strategic report for the year ended 30 June 2023 (*continued*)

Section 172 Statement (*continued*)

Suppliers

We rely on our suppliers to provide materials and services that meet both our and our customers' high-quality standards. We balance the benefits of maintaining strong partnerships with key suppliers alongside the need to obtain value for money for our investors without compromising on quality and service.

Investors

The input of and continued access to capital and debt funding has been essential in facilitating the company's growth to date. The Investors rely on us to protect their investment and deliver sustainable, profitable growth. All strategic decisions and the implications of them are discussed with the shareholders at the monthly board meetings and regular meetings are held with the bank in order to keep them apprised of our trading performance.

Communities and the environment

We have a number of initiatives aimed at reducing the adverse impact of our business on the environment and the communities in which we operate.

Maintaining a reputation for high standards of business conduct

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

This report was approved by the board on 31 January 2024 and signed on its behalf.

D S Miller

D S Miller
Director

Collins and Hayes Furniture Limited

Directors' report for the year ended 30 June 2023

The directors submit their report and the audited financial statements of the company for the year ended 30 June 2023. The principal risks, review of the business and future developments are explained in the Strategic report on page 2.

Directors of the company

The directors who were in office during the year and up to the date of signing the financial statements were as follows:

J Slaven	Resigned 2 September 2022
I Oliver	
D S Miller	

Results and dividends

The loss for the financial year amounted to £112,026 (2022: loss of £187,090).

There were no dividends paid during the year. The directors recommend that no final dividend be paid.

Going concern

After making appropriate enquiries, the directors have, at the time of approving the financial statements, formed a judgement that there is a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

In adopting the going concern basis, the directors have considered the risks and uncertainties relating to the cost-of-living crisis. The directors have prepared a comprehensive forecasting model and are satisfied that the Group has headroom in its existing committed facilities.

In addition to the forecasts and in recognition of the uncertain times, the majority shareholder has indicated its intention to support the Group for the next 12 months.

In the event that the company requires assistance to meet its financial obligations, then the parent, 1869 Limited, would be able to provide support to the company. The Directors have received an unconditional letter of support from the parent, confirming it will provide financial support to the company if needed, for a period of 12 months from approval of the 2023 financial statements, in order to allow the company to continue to operate as a going concern. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Group continues to be monitored quarterly by their bank on Ebitda, leverage, cashflow cover and capital expenditure.

Financial risk management

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

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of management. The policies and procedures, as set by the Board and the 1869 Limited group, are implemented by the company's finance department.

Market prices

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

Credit risk

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

Liquidity risk

The company and group actively maintains a mixture of long term and short term debt finance that is designed to ensure the company and group have sufficient funds available for day to day operations.

Collins and Hayes Furniture Limited

Directors' report for the year ended 30 June 2023

Employees

The directors recognise the importance of communication with the company's employees and therefore hold regular meetings with the employees' representatives, and the directors make it their policy to be accessible to all employees.

It is the board's policy to employ disabled persons whenever suitable vacancies arise, to continue employment of employees who become disabled and to provide for such employees the appropriate level of training and career progression within the company.

Engagement with suppliers, customers and others

The company is fully committed to pursuing the best environmental practice and conducting its activities in a way that fully recognises its responsibilities to the environment. Policies to benefit the community include encouraging the use of local suppliers where possible and supporting local charities.

Statement of disclosure of information to auditors

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

Independent auditors

The auditors, Barnes Roffe LLP have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

D S Miller

D S Miller
Director

31 January 2024

1 Hampton Park West
Melksham
Wiltshire
SN12 6GU

Collins and Hayes Furniture Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Emma Taylor

**E Taylor
Company Secretary**

31 January 2024

1 Hampton Park West
Melksham
Wiltshire
SN12 6GU

Collins and Hayes Furniture Limited

Independent auditors' report to the members of Collins and Hayes Furniture Limited

Opinion

We have audited the financial statements of Collins and Hayes Furniture Limited (the 'Company') for the year ended 30 June 2023, which comprise the Statement of total comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 June 2023 and of its 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 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Collins and Hayes Furniture Limited

Independent auditors' report to the members of Collins and Hayes Furniture Limited

Opinion 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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 6, 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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with law and regulations, was as follows:

- Ensuring that the engagement team collectively had the appropriate competence, capabilities and skills to identify non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the Company through discussions with directors, and from our commercial knowledge and experience of the relevant sector;
- The specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, are as follows - Companies Act 2006, FRS 102, Employment legislation and Tax legislation.
- We assessed the extent of the compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- Laws and regulations were communicated within the audit team at the planning meeting, and the audit team remained alert to instances of non-compliance throughout the audit.

Collins and Hayes Furniture Limited

Independent auditors' report to the members of Collins and Hayes Furniture Limited

Auditor's responsibilities for the audit of the financial statements (*continued*)

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions;
- Assessing whether judgement and assumptions made in determining significant accounting estimates were indicative of management bias.

The areas that we identify as being susceptible to misstatement through fraud were:

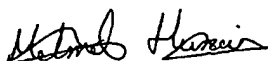
- Management bias in the estimates and judgements made;
- Management override of controls; and
- Posting of unusual journals or transactions.

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

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.

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.



Mehmet Hussein FCA (Senior statutory auditor)

for and on behalf of
Barnes Roffe LLP
Chartered Accountants
Statutory Auditor
Leytonstone House
Leytonstone
London
E11 1GA
Date: 31 January 2024

Collins and Hayes Furniture Limited

Statement of Total Comprehensive Income for the year ended 30 June 2023

	<i>Note</i>	2023	2022
		£	£
Gross sales	5	2,309,121	2,356,524
Rebates and discounts	5	(101,086)	(102,515)
Turnover	5	2,208,035	2,254,009
Cost of sales		(1,679,291)	(1,652,228)
Gross profit		528,744	601,781
Distribution costs		(80,978)	(75,990)
Administrative expenses		(596,710)	(774,378)
Operating loss before taxation	6	(148,944)	(248,587)
Tax on loss	8	36,918	61,497
Total comprehensive loss for the financial year		(112,026)	(187,090)

Collins and Hayes Furniture Limited

Balance sheet as at 30 June 2023

	Note	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	9	1,502,639		1,664,746	
Tangible assets	10	4,042		7,809	
		<u>1,506,681</u>		<u>1,672,555</u>	
Current assets					
Debtors: Amounts falling due within one year	11	412,123		426,310	
Debtors: Amounts falling due after one year	11	337,538		300,620	
Cash at bank and in hand		50,262		48,075	
		<u>799,923</u>		<u>775,005</u>	
Creditors: Amounts falling due within one year	12	<u>(4,130,875)</u>		<u>(4,160,041)</u>	
Net current liabilities		<u>(3,330,952)</u>		<u>(3,385,036)</u>	
Total assets less current liabilities		<u>(1824,271)</u>		<u>(1,712,481)</u>	
Provisions for liabilities	13	(34,236)		(34,000)	
Net liabilities		<u>(1,858,507)</u>		<u>(1,746,481)</u>	
Capital and reserves					
Called up share capital	14	1		1	
Retained earnings	15	(1,858,508)		(1,746,482)	
Total equity		<u>(1,858,507)</u>		<u>(1,746,481)</u>	

The notes on pages 13 to 22 are an integral part of these financial statements.

The financial statements on pages 10 to 22 were approved by the board of directors on 31 January 2024 and were signed on its behalf by:

D S Miller

D S Miller
Director

Collins and Hayes Furniture Limited
Registered number: 10879511

Collins and Hayes Furniture Limited

Statement of changes in equity for the year ended 30 June 2023

	Called up share capital	Retained earnings/ (accumulated losses)	Total equity
	£	£	£
Balance at 1 July 2021	1	(1,559,392)	(1,559,391)
Total comprehensive loss for the financial year	-	(187,090)	(187,090)
Balance at 30 June 2022	1	(1,746,482)	(1,746,481)
Balance at 30 June 2022	1	(1,746,482)	(1,746,481)
Total comprehensive loss for the financial year	-	(112,026)	(112,026)
Balance at 30 June 2023	1	(1,858,508)	(1,858,507)

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023

1 General Information

Collins and Hayes Furniture Limited designs and sells furniture.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 1 Hampton Park West, Melksham, Wiltshire, SN12 6GU, United Kingdom.

The company financial statements are presented in Sterling, which is also the company's functional currency, and all values are rounded to the nearest pound (£).

2 Statement of compliance

The individual financial statements of Collins and Hayes Furniture Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The company's accounting reference date is 30 June. It is the company's policy to prepare financial statements for the accounting year to either the Sunday before or after this date. The accounting year covers 52 weeks from 4 July 2022 to 2 July 2023. The comparative data covers 52 weeks to 3 July 2022.

Going concern

After making appropriate enquiries, the directors have, at the time of approving the financial statements, formed a judgement that there is a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

In adopting the going concern basis, the directors have considered the risks and uncertainties relating to the cost-of-living crisis. The directors have prepared a comprehensive forecasting model and are satisfied that the Group has headroom in its existing committed facilities.

In addition to the forecasts and in recognition of the uncertain times, the majority shareholder has indicated its intention to support the Group for the next 12 months.

In the event that the company requires assistance to meet its financial obligations, then the parent, 1869 Limited, would be able to provide support to the company. The Directors have received an unconditional letter of support from the parent, confirming it will provide financial support to the company if needed, for a period of 12 months from approval of the 2023 financial statements, in order to allow the company to continue to operate as a going concern. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Group continues to be monitored quarterly by their bank on Ebitda, leverage, cashflow cover and capital expenditure.

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 (*continued*)

3 Summary of significant accounting policies (*continued*)

Exemptions for qualifying entities under FRS 102

The company is a qualifying entity and has adopted the following disclosure exemptions under FRS 102:

- The requirement to present a statement of cash flows and related notes;
- Financial instruments disclosures; and
- Key management personnel compensation.

This information is included in the consolidated financial statements of 1869 Limited as at 30 June 2023.

The company is exempt from disclosing related party transactions with other group companies as consolidated accounts of 1869 Limited are publicly available.

Turnover and gross sales

Turnover represents gross sales, less rebates and discounts and excludes value added tax. Gross sales represents the invoiced value of goods supplied by the company and is recognised on delivery of the goods.

Where discounts relate to the timing of settlement of invoices, they are recognised at the time of invoicing by a reduction of gross sales. Settlement of the invoice is net of the discount if the payment terms are met. Where rebates are volume related, an accrual is made for rebates as earned, which is also deducted from gross sales.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight line basis over the year of the lease.

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight line basis over the year of the lease.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they're recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 (continued)

3 Summary of significant accounting policies (continued)

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is rendered.

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 when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

The company operates an annual bonus plan for employees. An expense is recognised in the income statement when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Exceptional items

The company classifies certain one-off charges or credits that have a significant impact on the company's financial results as "exceptional items". These are disclosed separately to provide further understanding of the financial performance of the company.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Acquired trademarks are amortised over their estimated useful lives, of twenty years, on a straight line basis.

Software and website development costs are amortised over their estimated useful lives, of between three and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful lives have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

Development costs relating to projects have been capitalised if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably. The costs are not amortised until the project is complete. Once complete the assets are amortised over their estimated useful lives, of between 3 and 5 years, on a straight line basis.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation on assets is calculated, using the straight line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Fixtures and fittings	10% to 50% per annum
Computer equipment	20% to 33% per annum

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year.

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 (continued)

3 Summary of significant accounting policies (continued)

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset, where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available to use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in "Other operating (losses)/gains".

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currencies

The company's functional and presentational currency is the pound sterling.

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

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlements of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Financial Instruments

Basic financial assets, including trade and other receivables, cash and bank balances, are recognised at transaction price.

Basic financial liabilities, including trade and other payables, bank loans and loan notes, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provisions and accrued expenses

Provision is made for contingencies and warranties. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements as well as historical information and trends.

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 (continued)

5 Turnover

The analysis of turnover by geographical area is:

	2023 £	2022 £
United Kingdom	2,033,266	2,149,673
Rest of Europe	174,769	104,336
Turnover	2,208,035	2,254,009

All turnover and profits arise from one class of business being the manufacture and sale of furniture.

6 Operating loss

	2023 £	2022 £
Operating loss is stated after charging:		
Wages and salaries	244,152	264,833
Social security costs	23,620	29,459
Other pension costs	18,008	20,836
Staff costs	285,780	315,128
Depreciation of tangible fixed assets (charged to admin expenses)	5,385	9,155
Amortisation of intangible assets (charged to admin expenses)	162,107	174,355
Operating lease charges	6,997	18,176
Audit fees payable to the company's auditor	9,000	9,000

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for "Other services" as this information is included in the consolidated financial statements of 1869 Limited.

7 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2023 Number	2022 Number
Administration & senior management (including directors)	4	5
Production & distribution	2	1
	6	6

Directors

The directors' emoluments were as follows:

	2023 £	2022 £
Aggregate emoluments	19,238	96,816
Company contributions to defined contribution pension scheme	1,355	3,560

During the year retirement benefits were accruing to 1 (2022:1) director in respect of defined contribution pension schemes.

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 (continued)

8 Tax on loss

a) Tax on expense included in profit or loss

	2023 £	2022 £
Deferred tax:		
- Origination and reversal of timing differences	(30,267)	(46,991)
- Changes in tax rates or laws	(6,651)	(14,839)
- Adjustment in respect of previous periods	-	333
Total deferred tax (Note 11)	(36,918)	(61,497)
Tax credit on loss	(36,918)	(61,497)

b) Reconciliation of tax charge

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 20.5% (2022:19%). The differences are explained below:

	2023 £	2022 £
Loss before taxation	(148,944)	(248,587)
Loss multiplied by standard rate of corporation tax in the UK of 20.5% (2022:19%)	(30,527)	(47,232)
Effects of:		
- Expenses not deductible	260	241
- Tax rate changes	(6,651)	(14,839)
- Adjustment in respect of previous periods	-	333
Total tax credit for the year	(36,918)	(61,497)

c) Tax rate changes

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which was effective from 1 April 2023. This rate has been reflected in the measurement of deferred tax balances at the period end.

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 (continued)

9 Intangible assets

	Trademark £	Development costs £	Software & website £	Total £
Cost				
At 1 July 2022 & 30 June 2023	2,026,032	365,266	64,854	2,456,152
Accumulated amortisation				
At 1 July 2022	422,092	304,460	64,854	791,406
Charge for year	101,301	60,806	-	162,107
At 30 June 2023	523,393	365,266	64,854	953,513
Net book value				
At 30 June 2023	1,502,639	-	-	1,502,639
At 30 June 2022	1,603,940	60,806	-	1,664,746

Trademarks have 15 years of amortisation remaining.

Development costs relate to the creation of new prototypes and models along with associated systems. £316,551 of the costs were internally generated.

10 Tangible fixed assets

	Fixtures, fittings, office & computer equipment £
Cost	
At 1 July 2022	195,933
Additions	1,618
At 30 June 2023	197,551
Accumulated depreciation	
At 1 July 2022	188,124
Charge for year	5,385
At 30 June 2023	193,509
Net book value	
At 30 June 2023	4,042
At 30 June 2022	7,809

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 (continued)

11 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	237,939	280,897
Amounts owed by group undertakings	172,131	142,661
Prepayments and other debtors	2,053	2,752
Amounts falling due after one year:		
Deferred tax asset (see below)	337,538	300,620
	749,661	726,930

Amounts due from group companies are unsecured and interest-free. An impairment provision of £575 (2022: £3,968) is included in trade debtors.

Deferred tax asset	2023 £	2022 £
At 1 July	300,620	239,123
Deferred tax credit in income statement for year	36,918	61,830
Adjustment in respect of previous periods	-	(333)
At 30 June	337,538	300,620

The deferred tax asset can be analysed as follows:

Fixed asset timing differences	764	1,230
Losses	336,774	299,390
Deferred tax asset	337,538	300,620

12 Creditors: Amounts falling due within one year

	2023 £	2022 £
Amounts owed to group undertakings	4,097,044	4,092,864
Accruals and deferred income	33,831	67,177
	4,130,875	4,160,041

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 (continued)

13 Provision for liabilities

	Warranty £
At 1 July 2022	34,000
Amounts dealt with in income statement	<u>236</u>
At 30 June 2023	<u>34,236</u>

Warranty

The provision above represents the potential warranty costs of items sold under warranty at the year end.

14 Called up share capital

	2023 £	2022 £
Allotted and fully paid		
1 ordinary share of £1 each (2022:1)	<u>1</u>	<u>1</u>

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

15 Retained earnings

Retained earnings or accumulated losses represents cumulative distributable profits or losses net of dividends and other adjustments.

16 Capital and other commitments

The company had capital commitments of £Nil at 30 June 2023 (2022: £Nil).

At 30 June 2023 the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
On leases which expire:		
Not later than one year	-	13,935
Later than one year and not later than five years	<u>-</u>	<u>2,829</u>
	<u>-</u>	<u>16,764</u>

17 Contingent liabilities

The company has in place a cross guarantee and debenture which effectively means that there is a fixed and floating charge over all of its assets in relation to the bank borrowings, loan notes and working capital facility of 1869 Limited, the parent company of Sofa Brands International Limited. The bank borrowings of the 1869 Limited Group at 30 June 2023 were £8,333,333 (2022: £9,666,667), the loan notes were £100,792,359 (2022: £93,230,814) and the working capital facility was £6,768,058 (2022: £Nil).

Collins and Hayes Furniture Limited

Notes to the financial statements for the year ended 30 June 2023 *(continued)*

18 Post-employment benefits

Eligible employees are members of the Sofa Brands International Group Personal Pension Plan which is a defined contribution scheme.

The contributions made to the scheme during the year were £18,008 (2022: £20,836). At the end of the year there were £Nil contributions outstanding (2022: £Nil).

19 Controlling parties

The immediate parent undertaking is Sofa Brands International Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The smallest and largest group to consolidate these financial statements is 1869 Limited. Copies of the consolidated financial statements of 1869 Limited can be obtained from the Company Secretary at 1 Hampton Park West, Melksham, Wiltshire SN12 6GU.

The ultimate controlling company is Templeco 672 Limited.

20 Related party transactions

The company is exempt from disclosing related party transactions that are with other companies that are wholly owned within the Group. Balances with Group Company's at the year end can be found in notes 11 to 12.