

ERCOL FURNITURE LIMITED

FINANCIAL STATEMENTS

31st December 2014

Company Registration Number 00163292

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ERCOL FURNITURE LIMITED

FINANCIAL STATEMENTS

YEAR TO 31st December 2014

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ERCOL FURNITURE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

E.R. Tadros BA, FRSA (Chairman)
N.M. Garratt
R.L. Galbraith (appointed 13 January 2014)
M. Lawrence
I. Peers
P. Spademan

COMPANY SECRETARY

M. Lawrence

REGISTERED OFFICE

Summerleys Road
Princes Risborough
Buckinghamshire
HP27 9PX

AUDITORS

MHA MacIntyre Hudson
Chartered Accountants
& Statutory Auditors
Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

ERCOL FURNITURE LIMITED STRATEGIC REPORT

YEAR TO 31st December 2014

The company continues to develop its business in the UK with both Independent and with National retailers, whilst continuing to develop international opportunities. The company has continued to invest in developing new furniture ranges whilst it has further increased its marketing to support our retailers, at the same time as participating in key trade shows in the UK and internationally. We were pleased that these actions were successful, with turnover up by 9.8%. The company has also continued to invest in personnel to facilitate its expansion. Notwithstanding these substantial investments the company generated a profit of £73k. The company's balance sheet remains strong, with the company having net cash of £1,499k at year end.

These activities have continued in 2015, with the Company exhibiting at key domestic and international trade shows and launching a range of new products. The Board looks forward to continued strong growth.

By Order of the Board

A handwritten signature in black ink, appearing to read 'E.R. Tadros', written over a horizontal line.

E.R. Tadros BA, FRSA
Chairman

7th July 2015

ERCOL FURNITURE LIMITED

DIRECTORS' REPORT

YEAR TO 31st December 2014

The directors have pleasure in presenting their report and the financial statements of the company for the year to 31st December 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company has continued to be that of the manufacture and sale of ercol furniture. The full business review is shown in the year's Strategic Report.

The business makes purchases in euros and dollars, but has sought to mitigate its exchange risk by partially buying forward against these currencies (note 18).

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements. The directors do not recommend the payment of a final dividend.

DIRECTORS

The directors who served the company during the year were as follows:

E.R. Tadros BA, FRSA (Chairman)

M. Lawrence

N.M. Garratt

I. Peers

P. Spademan

R.L. Galbraith (appointed 13 January 2014)

Qualifying indemnity provisions for the benefit of the directors were in force during the year and since the year end.

AUDITORS

Under Section 487(2) of the Companies Act 2006 MHA MacIntyre Hudson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to shareholders or 28 days after the latest date for filing the accounts with the registrar, whichever is the earlier.

Registered office:
Summerleys Road
Princes Risborough
Buckinghamshire
HP27 9PX

Signed by order of the directors



E.R. Tadros BA, FRSA
Chairman

Approved by the directors on 7th July 2015

ERCOL FURNITURE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR TO 31st December 2014

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

select suitable accounting policies, as described on pages 9 to 10, 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. The directors 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.

In so far as each of the persons who were directors at the time these financial statements were approved are aware:

there is no relevant audit information of which the company's auditors are unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ERCOL FURNITURE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ERCOL FURNITURE LIMITED

We have audited the financial statements of Ercol Furniture Limited for the year to 31st December 2014 which comprise the Profit and Loss Account, the Balance Sheet, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

give a true and fair view of the state of the company's affairs as at 31st December 2014 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

ERCOL FURNITURE LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ERCOL FURNITURE LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

adequate accounting records have not been kept, 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.

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 7 August 2015

MHA MacIntyre Hudson

KATHARINE ARNOTT FCA
Senior Statutory Auditor
For and on behalf of
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

ERCOL FURNITURE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR TO 31st December 2014

	Note	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
TURNOVER	1	14,970	13,629
Cost of sales		9,069	8,112
GROSS PROFIT		<u>5,901</u>	<u>5,517</u>
Administrative expenses		5,837	5,076
OPERATING PROFIT	2	<u>64</u>	<u>441</u>
Interest receivable		9	3
Interest (payable)	5	-	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>73</u>	<u>441</u>
Tax on profit on ordinary activities	6	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	<u>73</u>	<u>441</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

ERCOL FURNITURE LIMITED**BALANCE SHEET (Company Registration Number: 00163292)****31st December 2014**

	Note	31 Dec 14		31 Dec 13	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	7		2,937		3,117
Investments	8		275		275
			<u>3,212</u>		<u>3,392</u>
CURRENT ASSETS					
Stocks	9	2,289		1,745	
Debtors	10	3,226		2,383	
Cash at bank and in hand		1,499		1,865	
			<u>7,014</u>		<u>5,993</u>
CREDITORS: Amounts falling due within one year	11		<u>(5,519)</u>		<u>(4,751)</u>
NET CURRENT ASSETS			<u>1,495</u>		<u>1,242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,707</u>		<u>4,634</u>
CAPITAL AND RESERVES					
Called-up equity share capital	15		3,800		3,800
Profit and loss account	16		907		834
SHAREHOLDERS' FUNDS	17		<u>4,707</u>		<u>4,634</u>

These financial statements were approved and authorised for issue by the directors on the 7th July 2015 and are signed on their behalf by:



.....
E.R. TADROS BA, FRSA (CHAIRMAN)

ERCOL FURNITURE LIMITED

STATEMENT OF ACCOUNTING POLICIES

YEAR TO 31st December 2014

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

TURNOVER

Turnover represents net invoiced sales of goods to the company's customers in the normal course of business, exclusive of value added tax and after allowing for trade discounts. Turnover is recognised on the *dispatch of goods*.

DEPRECIATION

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

Freehold property	- in equal annual instalments over 50 years from the date of construction
Plant and machinery	- in equal instalments over 3-50 years
Furniture and equipment	- in equal instalments over 5-10 years
Motor vehicles	- in equal instalments over 3-5 years

STOCKS

These are valued at the lower of cost and net realisable value.

WORK IN PROGRESS

Work in progress and finished goods are valued on a standard cost basis comprising direct labour, materials and an appropriate proportion of production overheads.

OPERATING LEASE AGREEMENTS

Rentals on operating leases are charged to the profit and loss account in the years in which they fall due.

ERCOL FURNITURE LIMITED

STATEMENT OF ACCOUNTING POLICIES *(continued)*

YEAR TO 31st December 2014

PENSION COSTS

The company's pension plans for employees are defined contribution schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies and approved investment fund managers. Consequently, the annual instalments charged to the profit and loss account are fixed under the terms of the schemes and the company has no potential liability other than for the payment of those instalments.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

TRANSLATION OF FOREIGN CURRENCIES

The rates of exchange ruling at the year end have been used to translate monetary assets and liabilities held in overseas currency into sterling. Transactions in foreign currencies are translated into sterling at an average rate of exchange at the date of the transaction. Exchange profits or losses are included in the trading results.

CONSOLIDATED FINANCIAL STATEMENTS

The company is exempt from preparing consolidated financial statements under Section 398 of the Companies Act 2006.

ERCOL FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR TO 31st December 2014****1. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
United Kingdom	14,400	13,093
EC Countries	107	81
Rest of World	463	455
	<u>14,970</u>	<u>13,629</u>

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Depreciation	324	326
Profit on disposal of fixed assets	-	(7)
Hire of machinery and equipment	76	88
Auditors' remuneration		
- as auditors	15	15
- accountancy	5	5
Net loss/(gain) on foreign currency translation	134	(47)
	<u>134</u>	<u>(47)</u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	Year to 31 Dec 14 No.	Year to 31 Dec 13 No.
Production and related activities	123	112
Administration, sales and management	48	46
	<u>171</u>	<u>158</u>

The aggregate payroll costs of the above were:

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Wages and salaries	4,526	4,080
Social security costs	380	359
Staff pension contributions	264	237
	<u>5,170</u>	<u>4,676</u>

ERCOL FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR TO 31st December 2014****4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Emoluments receivable	687	577
Contributions to money purchase pension schemes	77	65
	<u>764</u>	<u>642</u>

The number of directors accruing benefits under company pension schemes was as follows:

	Year to 31 Dec 14 No.	Year to 31 Dec 13 No.
Money purchase schemes	<u>6</u>	<u>6</u>

During the year the highest paid director received:

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Emoluments receivable	151	148
Contributions to money purchase pension schemes	-	-
	<u>151</u>	<u>148</u>

5. INTEREST PAYABLE

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Interest payable on bank borrowing	<u>-</u>	<u>3</u>

ERCOL FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR TO 31st December 2014****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Factors affecting tax charge

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Profit/(loss) on ordinary activities before tax	73	441
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (31st Dec 13: 23%)	<u>15</u>	<u>101</u>
Effects of:		
Expenses not deductible for tax purposes	5	2
Capital allowances for period less than depreciation	41	52
Tax adjustment on provisions	(2)	7
Income not taxable for corporation tax	(2)	-
Effects of lower rate of tax	1	-
Utilisation of tax losses	(58)	(162)
Current tax charge for period	<u>-</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Freehold Property £'000	Plant and Machinery £'000	Furniture And Equipment £'000	Motor Vehicles £'000	Total £'000
COST					
At 31 st December 2013	6	9,618	298	76	9,998
Additions	-	85	41	18	144
Disposals	-	-	(33)	-	(33)
At 31st December 2014	<u>6</u>	<u>9,703</u>	<u>306</u>	<u>94</u>	<u>10,109</u>
DEPRECIATION					
At 31 st December 2013	2	6,546	294	39	6,881
Charge for the year	-	297	3	24	324
On disposals	-	-	(33)	(-)	(33)
At 31st December 2014	<u>2</u>	<u>6,843</u>	<u>264</u>	<u>63</u>	<u>7,172</u>
NET BOOK VALUE					
At 31st December 2014	<u>4</u>	<u>2,860</u>	<u>42</u>	<u>31</u>	<u>2,937</u>
At 31 st December 2013	<u>4</u>	<u>3,072</u>	<u>4</u>	<u>37</u>	<u>3,117</u>

ERCOL FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR TO 31st December 2014****8. INVESTMENTS**

	Shares in group undertakings £'000
COST	
At 31st December 2014 and 31st December 2013	<u>275</u>
NET BOOK VALUE	
At 31st December 2014 and 31st December 2013	<u>275</u>

All the investments are carried at cost. The directors do not consider the aggregate value of the company's investments is less than the balance sheet values.

The equity method of valuation for investments is £275,000 (31st Dec 13: £275,000).

SUBSIDIARIES

Name	Country of incorporation/ registration	Types of shares	Proportion held %	Nature of business
Latimer Sawmills Limited	England	Ordinary	100	Non-trading
George Worley Limited	England	Ordinary	100	Non-trading
Latimer Timber Services Limited	England	Ordinary	100	Non-trading
Furniture Industries Limited	England	Ordinary	100	Non-trading
Ercol Limited	England	Ordinary	50	Non-trading

9. STOCKS

	31 Dec 14 £'000	31 Dec 13 £'000
Raw materials	676	391
Work in progress	727	653
Finished goods	886	701
	<u>2,289</u>	<u>1,745</u>

10. DEBTORS

	31 Dec 14 £'000	31 Dec 13 £'000
Trade debtors	2,911	2,072
Other debtors	4	5
Prepayments and accrued income	311	306
	<u>3,226</u>	<u>2,383</u>

ERCOL FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR TO 31st December 2014****11. CREDITORS: Amounts falling due within one year**

	31 Dec 14	31 Dec 13
	£'000	£'000
Secured bank loans and overdrafts	-	3
Trade creditors	1,299	918
Amounts owed to group undertakings	3,320	3,067
Other taxes and social security costs	674	582
Other creditors	60	52
Accruals and deferred income	166	129
	<u>5,519</u>	<u>4,751</u>

12. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The unpaid contributions outstanding at the year end amounted to £24,000 (31st Dec 13: £35,000).

13. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Year to	Year to
	31 Dec 14	31 Dec 13
	£'000	£'000
Provision brought forward and carried forward	<u>-</u>	<u>-</u>

The company has cumulative trading losses of £5,702,000 (31st Dec 2013: £5,979,000) and depreciation in excess of capital allowances of £2,741,000 (31st Dec 2013: £2,586,000). The deferred tax asset of £1,690,000 (31st Dec 2013: £1,742,000) has, in accordance with FRS19 and the accounting policy, not been recognised.

ERCOL FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR TO 31st December 2014****14. RELATED PARTY TRANSACTIONS**

In accordance with the exemption under Financial Reporting Standard No 8 the company does not disclose transactions with other wholly owned subsidiaries within the Ercol Group. Copies of the group financial statements are publicly available.

15. SHARE CAPITAL**Authorised share capital:**

	31 Dec 14	31 Dec 13
	£'000	£'000
3,800,000 Ordinary shares of £1 each	3,800	3,800
	<u>3,800</u>	<u>3,800</u>

Allotted, called up and fully paid:

	31 Dec 14		31 Dec 13	
	No.	£'000	No.	£'000
Ordinary shares	3,800,000	3,800	3,800,000	3,800
	<u>3,800,000</u>	<u>3,800</u>	<u>3,800,000</u>	<u>3,800</u>

ERCOL FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR TO 31st December 2014****16. PROFIT AND LOSS ACCOUNT**

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Balance brought forward	834	393
Profit for the financial year	73	441
Balance carried forward	<u>907</u>	<u>834</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Retained profit for the financial year	73	441
Opening shareholders' equity funds	<u>4,634</u>	<u>4,193</u>
Closing shareholders' equity funds	<u>4,707</u>	<u>4,634</u>

18. CAPITAL COMMITMENTS

The company has entered into a number of forward exchange contracts. Depending on the spot rate during a window period or on expiry these either create an obligation on the company to purchase at a rate and may also give rise to leverage on the sum the company is required to purchase, give a right to the company to purchase at a rate or the company is free to purchase at spot. The actual commitment will thus depend on the spot rate at the appropriate time for each individual contract. However, the nominal sterling total commitment at 31 Dec 14 was £4,365,000 (31 Dec 13: £4,338,000) of which £3,068,000 (31 Dec 13: £3,226,000) is due within one year. The maximum leveraged commitment at 31 Dec 14 was £4,443,000 (31 Dec 13: £4,815,000) of which £3,145,000 (31 Dec 13: £3,564,000) is due within one year.

19. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2014 the company had aggregate annual commitments under non-cancellable operating leases as set out below:

	Year to 31 Dec 14 £'000	Year to 31 Dec 13 £'000
Operating leases which expire:		
Within 1 year	1	2
Within 2 to 5 years	75	75
	<u>76</u>	<u>77</u>

There are no operating lease commitments in respect of land and buildings.

ERCOL FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR TO 31st December 2014

20. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Ercol (Holdings) Limited incorporated in England. The company is not controlled by one individual or party. The consolidated accounts are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.