

Company Registration No. 01169633 (England and Wales)

G G I OFFICE FURNITURE (U.K.) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MAY 2014

SATURDAY



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COMPANIES HOUSE

G G I OFFICE FURNITURE (U.K.) LIMITED

COMPANY INFORMATION

Directors	S Feldberg C Friedel M Melamed
Company number	01169633
Registered office	Global Way Darwen Lancashire BB3 0RW
Auditors	Pierce C A Limited Mentor House Ainsworth Street Blackburn Lancashire BB1 6AY
Business address	Global Way Darwen Lancashire BB3 0RW
Bankers	Yorkshire Bank plc 40 Church Street Blackburn Lancashire BB1 5AW

G G I OFFICE FURNITURE (U.K.) LIMITED

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G G I OFFICE FURNITURE (U.K.) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2014

The directors present the strategic report and financial statements for the year ended 31 May 2014.

Review of the business

The company does not actively use financial instruments as part of its financial risk management. The company is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures. The company finances working capital through retained earnings and bank borrowings at prevailing market interest rates.

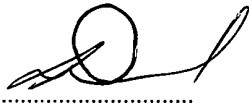
The company reports a loss due to aggressive competition in all areas of the market place. The company has continued to improve quality and service levels during the period and this is proving a successful strategy and, even allowing for the current downturn in the economic climate, this is expected to continue into the coming year.

During the year the company went through a restructuring throughout all departments including management positions. This has cost £176,000 in severance and redundancy payments which has been financed by the Group via a loan.

The restructuring has resulted in annual cost savings of £300,000 which should assist us in reducing future losses in our endeavour to return to profitability in the next financial year.

The appointment of a new Sales Director and the opening of the new Central London showroom should improve our current sales performance.

During the year the parent company, W W H Terrapin Limited, has demonstrated its commitment to the company by converting £1,465,000 of loan monies into share capital to boost the net assets of the company.



.....
M Melamed

Director

25 FEBRUARY 2015

G G I OFFICE FURNITURE (U.K.) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2014

The directors present their report and financial statements for the year ended 31 May 2014.

Principal activities

The principal activity of the company continued to be that of the manufacture and distribution of office furniture.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend the payment of a final ordinary dividend.

Future developments

The company remains committed to continuing the manufacture of office products in the UK. The directors believe that, despite the competition from low priced imported products, the company will continue to be competitive on price, quality and service.

Directors

The following directors have held office since 1 June 2013:

C Viveiros	(Resigned 12 February 2015)
S Feldberg	
C Friedel	
M Melamed	

Auditors

In accordance with section 487 of the Companies Act 2006, a resolution proposing that Pierce C A Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 and then apply them consistently;
- make judgements and 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 proper accounting records which 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.

G G I OFFICE FURNITURE (U.K.) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



M Melamed

Director

25 FEBRUARY 2015

G G I OFFICE FURNITURE (U.K.) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF G G I OFFICE FURNITURE (U.K.) LIMITED

We have audited the financial statements of G G I Office Furniture (U.K.) Limited for the year ended 31 May 2014 set out on pages 6 to 20. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

The 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 group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Director's 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 31 May 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

G G I OFFICE FURNITURE (U.K.) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF G G I OFFICE FURNITURE (U.K.) 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.



Paul Moulding (Senior Statutory Auditor)
for and on behalf of Pierce C A Limited

27 FEBRUARY 2015

Statutory Auditor

Mentor House
Ainsworth Street
Blackburn
Lancashire
BB1 6AY

G G I OFFICE FURNITURE (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2014

		2014	2013
	Notes	£	as restated £
Turnover	2	10,586,106	10,702,122
Cost of sales		(5,980,123)	(6,103,678)
Gross profit		<u>4,605,983</u>	<u>4,598,444</u>
Distribution costs		(149,176)	(100,466)
Administrative expenses		(5,112,634)	(5,035,006)
Other operating income		3,125	33,125
Operating loss	3	<u>(652,702)</u>	<u>(503,903)</u>
Interest payable and similar charges	4	(33,281)	(20,412)
Loss on ordinary activities before taxation		<u>(685,983)</u>	<u>(524,315)</u>
Tax on loss on ordinary activities	5	33,350	18,449
Loss for the year	16	<u><u>(652,633)</u></u>	<u><u>(505,866)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

G G I OFFICE FURNITURE (U.K.) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MAY 2014

		2014	2013
	Notes	£	as restated £
Loss for the financial year		(652,633)	(505,866)
Prior year adjustment	16	(321,487)	-
Total gains and losses recognised since last financial statements		<u>(974,120)</u>	<u>(505,866)</u>

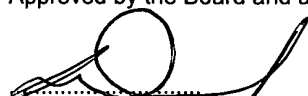
G G I OFFICE FURNITURE (U.K.) LIMITED

BALANCE SHEET

AS AT 31 MAY 2014

	Notes	2014		2013 as restated	
		£	£	£	£
Fixed assets					
Tangible assets	6		414,051		380,003
Investments	7		4		4
			<u>414,055</u>		<u>380,007</u>
Current assets					
Stocks	8	1,499,217		1,380,880	
Debtors	9	2,083,811		2,892,892	
Cash at bank and in hand		2,869		2,980	
		<u>3,585,897</u>		<u>4,276,752</u>	
Creditors: amounts falling due within one year	10	<u>(2,472,574)</u>		<u>(3,949,638)</u>	
Net current assets			<u>1,113,323</u>		<u>327,114</u>
Total assets less current liabilities			<u>1,527,378</u>		<u>707,121</u>
Creditors: amounts falling due after more than one year	11		(79,398)		(48,672)
Provisions for liabilities	12		-		(22,836)
Accruals and deferred income	13		(18,710)		(18,710)
			<u>1,429,270</u>		<u>616,903</u>
Capital and reserves					
Called up share capital	15		2,011,572		546,572
Profit and loss account	16		(582,302)		70,331
Shareholders' funds	17		<u>1,429,270</u>		<u>616,903</u>

Approved by the Board and authorised for issue on 25 FEBRUARY 2015



M Melamed
Director

Company Registration No. 01169633

G G I OFFICE FURNITURE (U.K.) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2014

	Notes	£	2014 £	2013 as restated £
Net cash (outflow)/inflow from operating activities			240,865	61,890
Returns on investments and servicing of finance				
Interest paid		(33,281)	(20,412)	
Net cash outflow for returns on investments and servicing of finance			(33,281)	(20,412)
Capital expenditure				
Payments to acquire tangible assets		(33,291)	(30,950)	
Receipts from sales of tangible assets		380	1,800	
Net cash outflow for capital expenditure			(32,911)	(29,150)
Net cash (outflow)/inflow before management of liquid resources and financing			174,673	12,328
Financing				
Issue of ordinary share capital		1,465,000	-	
Repayment of parent company loan		(1,465,000)	-	
Government grant received		-	18,710	
Capital element of hire purchase contracts		(40,383)	(57,251)	
Net cash inflow/(outflow) from financing			(40,383)	(38,541)
Increase/(decrease) in cash in the year			134,290	(26,213)

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2014

1 Reconciliation of operating loss to net cash outflow from operating activities	2014	2013
	£	as restated £
Operating loss	(652,702)	(503,903)
Depreciation of tangible assets	77,392	90,062
Profit on disposal of tangible assets	(169)	(786)
(Increase)/decrease in stocks	(118,337)	102,150
Decrease/(increase) in debtors	819,597	(111,520)
(Decrease)/Increase in creditors within one year	115,084	485,887
Net cash inflow from operating activities	<u>240,865</u>	<u>61,890</u>

2 Analysis of net debt	1 June 2013 as restated £	Cash flow £	Other non- cash changes £	31 May 2014 £
Net cash:				
Cash at bank and in hand	2,980	(111)	-	2,869
Bank overdrafts	(573,926)	134,401	-	(439,525)
	<u>(570,946)</u>	<u>134,290</u>	<u>-</u>	<u>(436,656)</u>
Bank deposits	-	-	-	-
Debt:				
Finance leases	(75,962)	40,383	(78,362)	(113,941)
Net debt	<u>(646,908)</u>	<u>174,673</u>	<u>(78,362)</u>	<u>(550,597)</u>

3 Reconciliation of net cash flow to movement in net debt	2014	2013
	£	as restated £
Increase/(decrease) in cash in the year	134,290	(26,213)
Cash outflow from decrease in debt and lease financing	40,383	57,251
Change in net debt resulting from cash flows	<u>174,673</u>	<u>31,038</u>
New finance lease	(78,362)	(81,900)
Movement in net debt in the year	96,311	(50,862)
Opening net debt	(646,908)	(596,046)
Closing net debt	<u>(550,597)</u>	<u>(646,908)</u>

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company finances its operations by means of a bank overdraft facility. The directors are not aware of any reason why the overdraft facility will not be maintained at its current level. As a result the directors have continued to adopt the going concern basis in preparing the financial statements.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds the group prepares consolidated financial statements.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT. Revenue is recognised on long term contracts as the company performs its contractual obligations.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	5% straight line
Plant and machinery	15% reducing balance to 33% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes the cost of carriage and freight where such costs are material.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

1 Accounting policies **(Continued)**

1.9 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings are included in the group accounts of a larger group. The company has therefore taken advantage of the exemptions provided by section 400 of the Companies Act 2006 not to prepare group accounts.

2 Turnover

Geographical market

	Turnover	
	2014	2013
	£	£
United Kingdom	10,328,461	10,185,838
Other EU countries	257,645	516,285
	<u>10,586,106</u>	<u>10,702,123</u>

3 Operating loss

	2014	2013
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	77,392	90,062
Operating lease rentals		
- Plant and machinery	159,476	180,955
- Other assets	398,413	416,216
Auditors' remuneration (including expenses and benefits in kind)	11,247	11,750
and after crediting:		
Profit on disposal of tangible assets	<u>(169)</u>	<u>(786)</u>

During the year the company went through a restructuring throughout all departments including management positions. This has cost £176,000 in severance and redundancy payments which costs are included within Administrative Expenses.

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

4	Interest payable	2014 £	2013 £
	On bank loans and overdrafts	27,032	15,785
	Hire purchase interest	6,249	4,627
		<u>33,281</u>	<u>20,412</u>
		<u><u>33,281</u></u>	<u><u>20,412</u></u>
5	Taxation	2014 £	2013 as restated £
	Total current tax	-	-
	Deferred tax		
	Deferred tax charge/credit current year	(33,350)	(18,449)
		<u>(33,350)</u>	<u>(18,449)</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(685,983)	(524,315)
		<u>(685,983)</u>	<u>(524,315)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2013 - 23.00%)	(144,056)	(120,592)
		<u>(144,056)</u>	<u>(120,592)</u>
	Effects of:		
	Non deductible expenses	976	571
	Depreciation add back	16,252	20,714
	Capital allowances	(29,768)	(15,739)
	Other tax adjustments	156,596	115,046
		<u>144,056</u>	<u>120,592</u>
	Current tax charge for the year	-	-
		<u>-</u>	<u>-</u>

The company has estimated losses of £ 824,791 (2013 - £ 505,804) available for carry forward against future trading profits.

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

6 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 June 2013	38,462	1,716,584	86,339	51,982	1,893,367
Additions	-	111,653	-	-	111,653
Disposals	-	(405,111)	-	(14,599)	(419,710)
At 31 May 2014	38,462	1,423,126	86,339	37,383	1,585,310
Depreciation					
At 1 June 2013	35,000	1,351,914	84,395	42,057	1,513,366
On disposals	-	(357,038)	(51,182)	(11,279)	(419,499)
Charge for the year	3,000	70,232	616	3,544	77,392
At 31 May 2014	38,000	1,065,108	33,829	34,322	1,171,259
Net book value					
At 31 May 2014	462	358,018	52,510	3,061	414,051
At 31 May 2013	3,462	356,674	3,076	16,791	380,003

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
Net book values	
At 31 May 2014	159,020
At 31 May 2013	125,582
Depreciation charge for the year	
At 31 May 2014	13,910
At 31 May 2013	18,549

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 June 2013 & at 31 May 2014	4
Net book value	
At 31 May 2014	4
At 31 May 2013	4

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Prince Moran Limited	England & Wales	Ordinary	100.00
GGI Xpress Limited	England & Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves	Profit/(loss) for the year
		2014	2014
		£	£
Prince Moran Limited	Dormant	2	-
GGI Xpress Limited	Dormant	2	-

8 Stocks

	2014	2013
	£	£
Raw materials and consumables	1,499,217	1,380,880

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

9 Debtors	2014	2013
	£	£
Trade debtors	1,634,915	2,578,344
Prepayments and accrued income	438,380	314,548
Deferred tax asset (see note 12)	10,516	-
	<u>2,083,811</u>	<u>2,892,892</u>

10 Creditors: amounts falling due within one year	2014	2013
	£	as restated £
Bank loans and overdrafts	439,525	573,926
Net obligations under hire purchase contracts	34,543	27,290
Trade creditors	808,267	1,292,287
Amounts owed to parent and fellow subsidiary undertakings	125,000	1,185,909
Taxes and social security costs	144,514	425,880
Accruals and deferred income	920,725	444,346
	<u>2,472,574</u>	<u>3,949,638</u>

The company and its immediate parent company are party to a composite bank overdraft facility limited to £600,000 which is secured by a fixed and floating charge over all current and future assets of the company together with an unlimited guarantee given by the immediate parent company, W W H Terrapin Limited. The bank holds a right of set off in respect of debit and credit balances of both this company and the immediate parent company.

Included within creditors is an amount of £125,000 (2013: £125,000) due to the ultimate parent company, Global Upholstery Co. Ltd, which is secured by a fixed and floating charge over the assets of the company.

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

11 Creditors: amounts falling due after more than one year	2014 £	2013 £
Net obligations under hire purchase contracts	79,398	48,672
Net obligations under hire purchase contracts		
Repayable within one year	34,543	27,290
Repayable between one and five years	79,398	48,672
	113,941	75,962
Included in liabilities falling due within one year	(34,543)	(27,290)
	79,398	48,672

Obligations under hire purchase contracts are secured on the assets concerned

12 Provisions for liabilities

The deferred tax asset (included in debtors, note 9) is made up as follows:

	2014 £	
Balance at 1 June 2013	22,836	
Profit and loss account	(33,352)	
Balance at 31 May 2014	(10,516)	
	2014 £	2013 £
(Decelerated)/accelerated capital allowances	(10,516)	22,836

13 Accruals and deferred income

	Government grants £
Balance at 1 June 2013 & at 31 May 2014	18,710

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

14 Pension and other post-retirement benefit commitments

Defined contribution

	2014 £	2013 £
Contributions payable by the company for the year	9,890	7,349

15 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
2,011,572 Ordinary shares of £1 each	2,011,572	546,572

On 29 May 2014 W W H Terrapin Limited, the company's parent undertaking, was allotted 1,465,000 ordinary shares for consideration of £1 each.

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 June 2013 as previously reported	391,818
Prior year adjustment	(321,487)
Balance at 1 June 2013 as restated	70,331
Loss for the year	(652,633)
Balance at 31 May 2014	(582,302)

The prior year adjustment represents additional unrecorded liabilities as at 31 May 2013.

17 Reconciliation of movements in shareholders' funds

	2014 £	2013 as restated £
Loss for the financial year	(652,633)	(505,866)
Proceeds from issue of shares	1,465,000	-
Net addition to/(depletion in) shareholders' funds	812,367	(505,866)
Opening shareholders' funds	616,903	1,122,769
Closing shareholders' funds	1,429,270	616,903

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

18 Contingent liabilities

The company is party to a composite bank facility with its parent company W W H Terrapin Limited, up to a maximum facility of £600,000. At 31 May 2014 the bank borrowings of the parent company were £Nil (2013: £Nil)

19 Financial commitments

At 31 May 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 May 2015:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Operating leases which expire:				
Within one year	310,752	348,252	19,929	43,425
Between two and five years	70,000	70,000	51,154	52,438
	<u>380,752</u>	<u>418,252</u>	<u>71,083</u>	<u>95,863</u>

20 Directors' remuneration

	2014	2013
	£	£
Remuneration for qualifying services	<u>75,588</u>	<u>75,000</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2013 - 1).

G G I OFFICE FURNITURE (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2014

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Production	100	104
Office and management	9	10
Administration	20	24
	<u>129</u>	<u>138</u>

Employment costs

	2014 £	2013 £
Wages and salaries	2,906,164	2,807,010
Social security costs	187,306	183,629
Other pension costs	9,890	7,349
	<u>3,103,360</u>	<u>2,997,988</u>

22 Control

The company's immediate parent company is W W H Terrapin Limited, a company incorporated in England and Wales.

The ultimate parent company is Global Upholstery Co. Ltd, a company registered in Canada.

The directors of G G I Office Furniture (U.K.) Limited are not aware of the ultimate controlling party.

23 Related party relationships and transactions

During the year the company has undertaken material transactions with related parties, as defined by Financial Reporting Standard 8. The company has taken advantage of the exemptions available under Financial Reporting Standard 8 not to disclose the transactions with its parent company.

During the year the company made sales of £168,265 (2013: £127,458) to Teknion UK Limited, a company under common ownership in the group. During the year the company also received rent from the company of £3,125 (2013 £33,125). At 31 May 2014 the company was owed £17,803 (2013: £19,503) by Teknion UK Limited.

During the year the company made purchases of £205,533 (2013: £330,829) from Global Upholstery Co Limited (Canada), its ultimate parent undertaking. At 31 May 2014 the company owed £78,472 (2013: £131,945) to Global Upholstery Co Limited (Canada). In addition the company had a loan balance of £125,000 (2013: £125,000) with Global Upholstery Co Limited (Canada), on which no interest was charged.