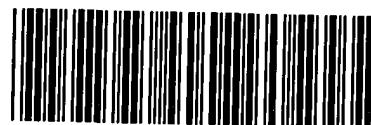


Company Registration No. 04110906 (England and Wales)

**FINE DECOR WALLCOVERINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

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# FINE DECOR WALLCOVERINGS LIMITED

## COMPANY INFORMATION

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | P Feinstein<br>A Garnett<br>K Hood<br>A Satine<br>J Graby  |
| <b>Company number</b>    | 04110906   |
| <b>Registered office</b> | Varey Road<br>Eaton Bank Trading Estate<br>Congleton<br>CW12 1UW   |
| <b>Auditor</b>           | RSM UK Audit LLP<br>Chartered Accountants<br>Ninth Floor, Landmark<br>St Peter's Square<br>1 Oxford Street<br>Manchester<br>M1 4PB |

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# FINE DECOR WALLCOVERINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present the strategic report and financial statements for the year ended 31 December 2022.

#### **Fair review of the business**

The principal activities of the company are the designing, manufacturing, sourcing and distribution of trend-setting products for the home decoration market in the UK and worldwide. These include wallcoverings under our powerful portfolio of brands 'Crown Wallcoverings', 'Fine Decor' and 'Vymura' as well as self-adhesive 'easy-decor' products under our 'Floorpops' and 'Fablon' brands.

In January 2022 our private equity investors (Industrial Operating Partners, 'IOP') announced the acquisition of York Wallcoverings based in Pennsylvania and the merger with our parent company, Brewster Home Fashion, Boston Massachusetts. Once combined this new group brings together some of the strongest brands, the most creative design studios and the widest portfolio of printing techniques and manufacturing expertise in the wallcoverings sector.

The Fine Decor results for 2022 reflects both the general macroeconomic pressures and uncertainty experienced by most companies in our sector and also the minor restructuring costs as the UK business responded to the changes of the last 12 months. The operating loss pre non-recurring items was £280,759 (2021: operating profit pre non-recurring items £2,314,870). Reported EBITDA loss of £30,219 (2021: EBITDA of £2,550,632)

Throughout 2022 double digit inflation continued to dramatically drive up input costs whilst demand softened as consumers, hit by the 'cost of living crisis' diverted any discretionary spending towards leisure and travel.

In spite of this challenging environment, turnover in the UK was held at the prior year level and therefore outperforming the general market. Encouragingly our home market is showing some positive growth into 2023 and there are many opportunities to expand domestically over the next few years.

Intra-group sales decreased in 2022 due primarily to destocking policies by the major US big-box retailers, responding to a post-Covid slowdown in early 2022. This has now worked itself through and the expectation is that these chains will start to refresh their ranges in the second half of 2023.

The extreme economic headwinds of 2022 had a negative impact on gross margin however we continued to make good progress in improving operational efficiencies and maintaining a tight control of costs to both mitigate this and strengthen the business to invest in future growth. Our strategy will be a commitment to continue to offer value, innovation, service and choice to our customers across all our brands.

On the balance sheet most areas remained stable during the year; net current assets have fallen from £2,366,644 in 2021 to £2,149,722 in 2022. The principal driver of this movement is an increase in trading balances owed to group undertakings which have risen from £1,990,738 in 2021 to £4,262,139 in 2022. This increase in group creditors is linked to an increase in stock which has risen from £4,461,566 in 2021 to £5,559,839 in 2022 due to increases in cost of materials in the year and more expensive raw materials held at year end.

#### **Principal risks and uncertainties**

The management of the business and the nature of the Company's strategy are subject to a number of risks.

The directors have set out below the principal risks facing the business.

##### *Competition*

The markets in which the Company operates are highly competitive. As a result, historically, there has generally been a constant downward pressure on margins. The strategic decision to move away from the high volume low margin sectors of the market continues to improve gross margin. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

##### *Market risks*

There is still uncertainty in the global market with visibility of demand, post Covid, being limited. However, we are confident of our continued out performance of the wider market.

# FINE DECOR WALLCOVERINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### Key performance indicators

The company's key performance indicators during the year were as follows:

|  | 2022       | 2021       |
|--|------------|------------|
|  | £          | £          |
| Turnover   | 18,350,677 | 22,379,794 |
| Gross profit                                       | 2,571,987  | 4,846,744  |
| Gross profit margin                                | 14.02%     | 21.66%     |
| Operating (loss)/profit before non-recurring items | (280,759)  | 2,314,870  |
| Operating (loss)/profit                            | (365,249)  | 2,737,357  |
| Operating (loss)/profit margin                     | (1.99%)    | 12.20%     |
| EBITDA*  | (30,219)   | 2,550,632  |
| (Loss)/profit before taxation                      | (418,444)  | 2,566,936  |
| Investment in fixed assets                         | 146,702    | 247,469    |
| Shareholders funds                                 | 2,510,876  | 2,601,778  |
| Cash in bank                                       | 705,906    | 333,835    |

*\* Earnings Before Interest, Tax, Depreciation and Amortisation, calculated as loss for the financial year, adding back interest receivable, interest payable, tax on loss, depreciation and amortisation expense and foreign currency exchange gains / (losses) and non-recurring items.*

# FINE DECOR WALLCOVERINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### **Financial risk management objectives and policies**

The company's financial instruments comprise a revolving credit facility, cash and liquid resources, balances with related undertakings and various items such as trade debtors and trade creditors that arise directly from its operations; no transactions of a speculative nature are undertaken.

The main purpose of these financial instruments is to raise finance for the company's operations along with the normal working capital balances that arise from day to day trading.

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company policy throughout the year has been to ensure continuity of funding and short-term flexibility is achieved by having appropriate facilities in place. The maturity of borrowings is set out in the notes to the financial statements.

The main risks arising from the company's financial instruments are credit risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

#### *Credit risk*

The company objective is to reduce the risk of financial loss due to a counter party's failure to honour its obligations. The company adopts standard payment terms to customers and individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant. The company also uses credit insurance on the major third-party accounts to mitigate their exposure, and credit checks are run on all new customers before acceptance is made.

#### *Foreign currency risk*

The company buys and sells goods and services denominated in currencies other than sterling. As a result, the value of the company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general. Additionally, the company has bank borrowings and intercompany borrowings in currencies other than sterling.

#### **Future developments**

The Board are committed to delivering our strategic plan to create a robust business for the future. The availability of considerable resources following the acquisition by IOP and the product and market opportunities associated with our combination with York Wallcoverings gives us considerable optimism for the future in spite of the challenges and uncertainty of the UK and Global macroeconomic environment.

2022 was an extremely challenging year given the economic turmoil in the UK and worldwide. However the business continued to deliver progress against the strategic plan through the investment support of the owners and the dedication of our hardworking employees.

On behalf of the board

*A. J. Garnett*

.....  
A Garnett

Director

08/09/23  
.....

# FINE DECOR WALLCOVERINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### Principal activities

The principal activity are the design, manufacture, sourcing and distribution of wallcoverings and wider home decoration products.

#### Results and dividends

The results for the year are set out on pages 10 to 11.

No dividends were paid in the year. The directors do not recommend payment of a final dividend.

#### Directors

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

P Feinstein

A Garnett

K Hood

A Satine

J Graby

(Appointed 24 August 2023)

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Strategic Report

In accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 the Company has presented a separate Strategic Report in these financial statements which includes details of future developments, principal risks and uncertainties and financial risk management.

#### Going Concern

The financial statements have been prepared on the basis that the company continues to be a going concern. The company reported an EBITDA loss of £30,219 (2021: EBITDA £2,550,632) and had net assets of £2,510,876 at 31 December 2022 (2021: £2,601,778).

The company is a wholly owned subsidiary of Fine Decor Acquisition Ltd with its finances and borrowings held and managed at Group level. After reviewing forecasts and considering current actions and sales opportunities, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, management have obtained a letter of support from Brewster Home Fashions LLC, a group company, confirming financial support will be provided for at least 12 months from the approval of the 31 December 2022 financial statements and have agreed not to call in debts for the same period. For these reasons the directors continue to adopt the going concern basis in preparing these financial statements.

# FINE DECOR WALLCOVERINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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On behalf of the board

*A J Garnett*

.....  
A Garnett  
Director

Date: 08/09/23  
.....

# **FINE DECOR WALLCOVERINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors are responsible for preparing the Strategic Report and 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 these financial statements, the directors are required to:

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

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



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINE DECOR WALLCOVERINGS LIMITED**

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## **Opinion**

We have audited the financial statements of Fine Decor Wallcoverings Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINE DECOR WALLCOVERINGS LIMITED (CONTINUED)**

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### **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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINE DECOR WALLCOVERINGS LIMITED (CONTINUED)

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and compliance with the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures and completion of disclosure checklists to identify areas of non-compliance.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health & safety and those in relation to employment law. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations, including a review of board minutes and requested sight of any other relevant correspondence with relevant authorities.

The audit engagement team identified the risk of management override of controls, and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries, challenging judgments and estimates applied in the valuation of provisions in respect of stock and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed over the revenue recognition included performing cut off tests, and tests of controls and detail to cover all revenue assertions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

*G Bond*

Graham Bond FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Ninth Floor, Landmark  
St Peter's Square  
1 Oxford Street  
Manchester  
M1 4PB

08/09/23 .....

# **FINE DECOR WALLCOVERINGS LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | Notes | Continuing<br>operations<br>£ | Non-<br>recurring<br>matters<br>(See note 4)<br>£ | Total<br>31 December<br>2022<br>£ | Continuing<br>operations<br>£ | Non-<br>recurring<br>matters<br>(see note 4)<br>£ | 31 December<br>2021<br>£ |
|---|-------|-------------------------------|---|-----------------------------------|-------------------------------|---|--------------------------|
| Turnover  | 3     | 18,350,677                    | -   | 18,350,677                        | 22,379,794                    | -   | 22,379,794               |
| Cost of sales   |       | (15,778,690)                  | -   | (15,778,690)                      | (17,533,050)                  | -   | (17,533,050)             |
| <b>Gross profit</b>                                       |       | <b>2,571,987</b>              | <b>-</b>  | <b>2,571,987</b>                  | <b>4,846,744</b>              | <b>-</b>  | <b>4,846,744</b>         |
| Distribution costs  |       | (241,819)                     | -   | (241,819)                         | (212,686)                     | -   | (212,686)                |
| Administrative expenses                                   |       | (2,690,094)                   | (84,490)  | (2,774,584)                       | (2,449,274)                   | (316,756)   | (2,766,030)              |
| Other operating income                                    | 3     | 79,167                        | -   | 79,167                            | 130,086                       | -   | 130,086                  |
| <b>Operating profit/(loss) before non-recurring costs</b> |       | <b>(280,759)</b>              | <b>(84,490)</b>                                   | <b>(365,249)</b>                  | <b>2,314,870</b>              | <b>(316,756)</b>                                  | <b>1,998,114</b>         |
| <b>EBITDA*</b>  |       | <b>(30,219)</b>               | <b>-</b>  | <b>(30,219)</b>                   | <b>2,550,632</b>              | <b>-</b>  | <b>2,550,632</b>         |
| Non-recurring income                                      | 4     | -                             | -   | -                                 | -                             | 739,243   | 739,243                  |
| <b>Operating (loss)/profit</b>                            | 7     | <b>(280,759)</b>              | <b>(84,490)</b>                                   | <b>(365,249)</b>                  | <b>2,314,870</b>              | <b>422,487</b>                                    | <b>2,737,357</b>         |

# **FINE DECOR WALLCOVERINGS LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | Notes | Continuing<br>operations<br>£ | Non-<br>recurring<br>matters<br>(See note 4)<br>£ | Total<br>31 December<br>2022<br>£ | Continuing<br>operations<br>£ | Non-<br>recurring<br>matters<br>(see note 4)<br>£ | 31 December<br>2021<br>£ |
|---|-------|-------------------------------|---|-----------------------------------|-------------------------------|---|--------------------------|
| Interest receivable and similar income      |       | 79                            | -   | 79                                | 14                            | -   | 14                       |
| Interest payable and similar expenses       | 8     | (53,274)                      | -   | (53,274)                          | (170,435)                     | -   | (170,435)                |
| <b>(Loss)/profit before taxation</b>        |       | <u>(333,954)</u>              | <u>(84,490)</u>                                   | <u>(418,444)</u>                  | <u>2,144,449</u>              | <u>422,487</u>                                    | <u>2,566,936</u>         |
| Tax on (loss)/profit                        | 9     |                               |   | 327,542                           |                               |   | (534,264)                |
| <b>(Loss)/profit for the financial year</b> |       |                               |   | <u>(90,902)</u>                   |                               |   | <u>2,032,672</u>         |

\* Earnings Before Interest, Tax, Depreciation and Amortisation, calculated as loss for the financial year, adding back interest receivable, interest payable, tax on loss, depreciation and amortisation expense and foreign currency exchange gains / (losses) and non-recurring items.

**FINE DECOR WALLCOVERINGS LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

|  | Notes | 2022<br>£          | £                       | 2021<br>£          | £                       |
|--|-------|--------------------|-------------------------|--------------------|-------------------------|
| <b>Fixed assets</b>  |       |                    |                         |                    |                         |
| Tangible assets  | 10    |                    | 1,701,511               |                    | 1,805,349               |
| <b>Current assets</b>  |       |                    |                         |                    |                         |
| Stocks   | 11    | 5,559,839          |                         | 4,461,566          |                         |
| Debtors  | 12    | 2,204,927          |                         | 2,491,184          |                         |
| Cash at bank and in hand                                       |       | 705,906            |                         | 333,835            |                         |
|  |       | <u>8,470,672</u>   |                         | <u>7,286,585</u>   |                         |
| <b>Creditors: amounts falling due within one year</b>          | 13    | <u>(6,320,950)</u> |                         | <u>(4,919,941)</u> |                         |
| <b>Net current assets</b>                                      |       |                    | <u>2,149,722</u>        |                    | <u>2,366,644</u>        |
| <b>Total assets less current liabilities</b>                   |       |                    | <u>3,851,233</u>        |                    | <u>4,171,993</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 14    |                    | (1,340,357)             |                    | (1,362,772)             |
| <b>Provisions for liabilities</b>                              | 17    |                    | -                       |                    | (207,443)               |
| <b>Net assets</b>  |       |                    | <u><u>2,510,876</u></u> |                    | <u><u>2,601,778</u></u> |
| <b>Capital and reserves</b>                                    |       |                    |                         |                    |                         |
| Called up share capital  | 21    |                    | 3,666,141               |                    | 3,666,141               |
| Profit and loss reserves                                       |       |                    | <u>(1,155,265)</u>      |                    | <u>(1,064,363)</u>      |
| <b>Total equity</b>  |       |                    | <u><u>2,510,876</u></u> |                    | <u><u>2,601,778</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 08/09/23 and are signed on its behalf by:

*A J Garnett*

.....  
A Garnett  
Director

# FINE DECOR WALLCOVERINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

|  | Notes | Share capital<br>£ | Profit and loss reserves<br>£ | Total<br>£       |
|--|-------|--------------------|-------------------------------|------------------|
| <b>Balance at 1 January 2021</b>                   |       | 3,665,257          | (3,097,035)                   | 568,222          |
| <b>Year ended 31 December 2021:</b>                |       |                    |                               |                  |
| Profit and total comprehensive income for the year |       | -                  | 2,032,672                     | 2,032,672        |
| Issue of share capital                             | 21    | 884                | -                             | 884              |
| <b>Balance at 31 December 2021</b>                 |       | 3,666,141          | (1,064,363)                   | 2,601,778        |
| <b>Year ended 31 December 2022:</b>                |       |                    |                               |                  |
| Loss and total comprehensive income for the year   |       | -                  | (90,902)                      | (90,902)         |
| <b>Balance at 31 December 2022</b>                 |       | <u>3,666,141</u>   | <u>(1,155,265)</u>            | <u>2,510,876</u> |

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

Fine Decor Wallcoverings Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Varey Road, Eaton Bank Trading Estate, Congleton, CW12 1UW.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Fine Decor Acquisition Limited. These consolidated financial statements are available from its registered office, Varey Road, Eaton Bank Trading Estate Congleton, United Kingdom, CW12 1UW.

#### Consolidation

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. These financial statements present information about the company as an individual entity and not about its group.

#### Going concern

The financial statements have been prepared the basis that the company continues to be a going concern. The company reported an EBITDA loss of £30,219 (2021: EBITDA £2,550,632) and had net assets of £2,510,876 at 31 December 2022 (2021: £2,601,778).

The company is a wholly owned subsidiary of Fine Decor Acquisition Ltd with its finances and borrowings held and managed at Group level. After reviewing forecasts and considering current actions and sales opportunities, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, management have obtained a letter of support from Brewster Home Fashions LLC, a group company, confirming financial support will be provided for at least 12 months from the approval of the 31 December 2022 financial statements and have agreed not to call in debts for the same period. For these reasons the directors continue to adopt the going concern basis in preparing these financial statements.



# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (Continued)

##### **Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Fixed asset investments**

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. At 31 December 2022, the investments in subsidiaries was fully impaired.

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

|                                       |             |
|---------------------------------------|-------------|
| Plant and machinery                   | 10% on cost |
| Fixtures, fittings & office equipment | 25% on cost |
| Computer equipment                    | 25% on cost |
| Motor vehicles                        | 25% on cost |

Assets under the course of construction are not depreciated, until they are brought into use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **Impairment of fixed assets**

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (Continued)

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (Continued)

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables and other loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

##### ***Employee benefits***

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies (Continued)

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either creditors or debtors.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **Government grants**

##### *Coronavirus Job Retention Scheme*

Government grants received in respect of the Coronavirus Job Retention Scheme ("CJRS") are released in the profit and loss account in the period to which they relate and are recorded within other operating income.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Judgements and key sources of estimation uncertainty (Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Stock provisioning

An inventory reserve is carried for product where the realisable value from sale of the inventory is estimated to be lower than the inventory carrying value. The provision recognised at the year end was £1,131,019 (2021: £1,096,477).

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

|   | 2022<br>£  | 2021<br>£  |
|---|------------|------------|
| <b>Turnover analysed by class of business</b>   |            |            |
| Sale of goods                                   | 18,350,677 | 22,379,794 |
|   |            |            |
|   | 2022<br>£  | 2021<br>£  |
| <b>Other revenue</b>                            |            |            |
| Interest income                                 | 79         | 14         |
| Grants received                                 | -          | 50,919     |
| Deferred income release                         | 79,167     | 79,167     |
|   |            |            |
|   | 2022<br>£  | 2021<br>£  |
| <b>Turnover analysed by geographical market</b> |            |            |
| United Kingdom                                  | 9,342,430  | 9,477,152  |
| Europe  | 831,180    | 1,237,259  |
| United States of America                        | 7,794,876  | 11,319,713 |
| Rest of the World                               | 382,191    | 345,670    |
|   |            |            |
|   | 18,350,677 | 22,379,794 |

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 4 Non-recurring items

During the current and prior year, a number of events have occurred resulting in non-recurring income/expenditure being generated as follows:

#### Relocation costs

During 2020, the company relocated its entire operations to the new site. Recognised in the prior year income statement was £41,060 profit on the sale of fixed assets and other miscellaneous income of £61,450. This was offset by expenditure relating to the move, such as additional staff, maintenance and non-capital property improvements amounting to £61,013. All of these were recognised in non-recurring income. No such relocation costs were incurred in current year.

#### Other costs

During the year, other costs totalling £84,490 (2021: £Nil) have been incurred associated with staff restructuring as a result of the strategic plans. These are included in continuing non-recurring costs.

During the prior year, the company paid a bonus of £316,756 as a result of the company being acquired. This was a one-off payment and so has been recognised in the income statement within non-recurring administrative expenditure.

During the prior year, the company was also involved in a group restructure as a result of its acquisition by Fine Décor Acquisitions Ltd. As a result of the merger, BWC International Limited, a related party entity, waived a balance due from the company of £697,746 which was recognised in non-recurring income.

### 5 Employees

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

|                | 2022<br>Number | 2021<br>Number |
|----------------|----------------|----------------|
| Executives     | 4              | 4              |
| Design         | 6              | 6              |
| Sales          | 10             | 10             |
| Warehouse      | 22             | 22             |
| Administration | 16             | 19             |
| Production     | 57             | 63             |
| Total          | 115            | 124            |

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5 Employees (Continued)

Their aggregate remuneration comprised:

|                       | 2022<br>£        | 2021<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 3,665,580        | 4,368,122        |
| Social security costs | 410,462          | 417,887          |
| Pension costs         | 220,955          | 242,481          |
|                       | <u>4,296,997</u> | <u>5,028,490</u> |

#### 6 Directors' remuneration

|   | 2022<br>£      | 2021<br>£     |
|---|----------------|---------------|
| Remuneration for qualifying services                          | 186,230        | 85,067        |
| Company pension contributions to defined contribution schemes | 17,500         | 8,021         |
|   | <u>203,730</u> | <u>93,088</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021: 1).

#### 7 Operating (loss)/profit

|   | 2022<br>£ | 2021<br>£ |
|---|-----------|-----------|
| Operating (loss)/profit for the year is stated after charging/(crediting):                |           |           |
| Exchange losses/(gains)   | 4,754     | (171,747) |
| Government grants   | -         | (50,919)  |
| Fees payable to the company's auditor for the audit of the company's financial statements | 42,000    | 36,000    |
| Depreciation of owned tangible fixed assets   | 236,175   | 221,522   |
| Depreciation of tangible fixed assets held under finance leases                           | 14,365    | 14,239    |
| Operating lease charges   | 654,992   | 685,151   |

#### 8 Interest payable and similar expenses

|  | 2022<br>£     | 2021<br>£      |
|--|---------------|----------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |               |                |
| Interest on bank overdrafts and loans                                | 37            | 52,424         |
| Foreign exchange movement on long term loans                         | 13,279        | 77,738         |
| Interest payable to related parties                                  | 26,469        | 23,882         |
| Hire purchase interest payable                                       | 13,489        | 16,391         |
|  | <u>53,274</u> | <u>170,435</u> |

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 9 Taxation

|  | 2022<br>£        | 2021<br>£      |
|--|------------------|----------------|
| <b>Deferred tax</b>                            |                  |                |
| Origination and reversal of timing differences | (101,314)        | 637,469        |
| Changes in tax rates                           | (31,994)         | (103,205)      |
| Adjustment in respect of prior periods         | (194,234)        | -              |
| <b>Total deferred tax</b>                      | <b>(327,542)</b> | <b>534,264</b> |

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

|   | 2022<br>£        | 2021<br>£      |
|---|------------------|----------------|
| (Loss)/profit before taxation   | (418,444)        | 2,566,936      |
| Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | (79,504)         | 487,718        |
| Tax effect of expenses that are not deductible in determining taxable profit                                  | 1,633            | 7,947          |
| Tax effect of income not taxable in determining taxable profit  | (17,199)         | -              |
| Change in unrecognised deferred tax assets  | -                | 19             |
| Depreciation on assets not qualifying for tax allowances  | (6,254)          | (11,213)       |
| Other permanent differences   | 10               | 7              |
| Deferred tax adjustments in respect of prior years  | (194,234)        | -              |
| Remeasurement of deferred tax for changes in tax rates  | (31,994)         | 49,786         |
| <b>Taxation (credit)/charge for the year</b>  | <b>(327,542)</b> | <b>534,264</b> |

#### Factors affecting future tax charges

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.



## FINE DECOR WALLCOVERINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Tangible fixed assets

|                                    | Assets under<br>construction | Plant and<br>machinery | Fixtures,<br>fittings &<br>office<br>equipment | Computer<br>equipment | Motor<br>vehicles | Total     |
|------------------------------------|------------------------------|------------------------|--|-----------------------|-------------------|-----------|
|                                    | £                            | £                      | £  | £                     | £                 | £         |
| <b>Cost</b>                        |                              |                        |  |                       |                   |           |
| At 1 January 2022                  | 12,222                       | 4,482,952              | 107,713  | 597,385               | 9,795             | 5,210,067 |
| Additions                          | 55,790                       | 59,187                 | 3,497  | 28,228                | -                 | 146,702   |
| Transfers                          | (39,929)                     | 39,929                 | -  | -                     | -                 | -         |
| At 31 December 2022                | 28,083                       | 4,582,068              | 111,210  | 625,613               | 9,795             | 5,356,769 |
| <b>Depreciation and impairment</b> |                              |                        |  |                       |                   |           |
| At 1 January 2022                  | -                            | 2,814,623              | 67,749   | 513,351               | 8,995             | 3,404,718 |
| Depreciation charged in the year   | -                            | 210,139                | 11,719   | 28,070                | 612               | 250,540   |
| At 31 December 2022                | -                            | 3,024,762              | 79,468   | 541,421               | 9,607             | 3,655,258 |
| <b>Carrying amount</b>             |                              |                        |  |                       |                   |           |
| At 31 December 2022                | 28,083                       | 1,557,306              | 31,742   | 84,192                | 188               | 1,701,511 |
| At 31 December 2021                | 12,222                       | 1,668,329              | 39,964   | 84,034                | 800               | 1,805,349 |

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

|  | 2022<br>£ | 2021<br>£ |
|--|-----------|-----------|
| Plant and machinery  | 127,456   | 107,252   |
| Depreciation charge for the year in respect of leased assets | 14,365    | 14,239    |

#### 11 Stocks

|                                     | 2022<br>£ | 2021<br>£ |
|-------------------------------------|-----------|-----------|
| Raw materials and consumables       | 1,287,153 | 672,965   |
| Work in progress                    | 336,191   | 270,015   |
| Finished goods and goods for resale | 3,936,495 | 3,518,586 |
|                                     | 5,559,839 | 4,461,566 |

Total provisions for slow movement and obsolete stock of £1,131,019 (2021: £1,096,477) have been included in the balance sheet.

#### 12 Debtors

|   | 2022<br>£ | 2021<br>£ |
|---|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 1,750,097 | 1,963,849 |
| Other debtors                               | -         | 108,099   |
| Prepayments and accrued income              | 334,731   | 419,236   |
|   | 2,084,828 | 2,491,184 |

|  | 2022<br>£        | 2021<br>£        |
|--|------------------|------------------|
| <b>Amounts falling due after more than one year:</b> |                  |                  |
| Deferred tax asset (note 18)                         | 120,099          | -                |
| <b>Total debtors</b>                                 | <b>2,204,927</b> | <b>2,491,184</b> |

At 31 December 2022, a provision of £49,245 (2021: £67,972) was recognised in respect of trade debtors due from customers who are known to be in financial difficulty and from whom payment was overdue by more than three months.

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13 Creditors: amounts falling due within one year

|                                    | Notes | 2022<br>£        | 2021<br>£        |
|------------------------------------|-------|------------------|------------------|
| Obligations under finance leases   | 16    | 23,025           | 15,152           |
| Trade creditors                    |       | 929,108          | 1,801,921        |
| Amounts owed to group undertakings |       | 4,262,139        | 1,990,738        |
| Taxation and social security       |       | 166,399          | 157,637          |
| Deferred income                    | 19    | 79,167           | 79,167           |
| Accruals and deferred income       |       | 861,112          | 875,326          |
|                                    |       | <u>6,320,950</u> | <u>4,919,941</u> |

#### 14 Creditors: amounts falling due after more than one year

|                                  | Notes | 2022<br>£        | 2021<br>£        |
|----------------------------------|-------|------------------|------------------|
| Obligations under finance leases | 16    | 97,032           | 89,044           |
| Other borrowings                 | 15    | 530,825          | 482,062          |
| Deferred income                  | 19    | 712,500          | 791,666          |
|                                  |       | <u>1,340,357</u> | <u>1,362,772</u> |

#### 15 Borrowings

|                        | 2022<br>£      | 2021<br>£      |
|------------------------|----------------|----------------|
| Other loans            | <u>530,825</u> | <u>482,062</u> |
| Payable after one year | <u>530,825</u> | <u>482,062</u> |

The long-term loans of £530,825 (2021: £482,062) are secured by fixed and floating charges over assets of the business and are subject to an interest rate of 5%.

#### 16 Finance lease obligations

|   | 2022<br>£       | 2021<br>£       |
|---|-----------------|-----------------|
| Future minimum lease payments due under finance leases: |                 |                 |
| Less than one year                                      | 32,912          | 25,997          |
| Between one and five years                              | 114,313         | 103,990         |
| After five years  | 599             | 8,666           |
|   | <u>147,824</u>  | <u>138,653</u>  |
| Less: future finance charges                            | <u>(27,767)</u> | <u>(34,457)</u> |
|   | <u>120,057</u>  | <u>104,196</u>  |

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The agreements are secured against the assets to which they relate.

#### 17 Provisions for liabilities

|                          | Notes | 2022<br>£ | 2021<br>£ |
|--------------------------|-------|-----------|-----------|
| Deferred tax liabilities | 18    | -         | 207,443   |

#### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|            | Liabilities<br>2022<br>£ | Liabilities<br>2021<br>£ | Assets<br>2022<br>£ | Assets<br>2021<br>£ |
|------------|--------------------------|--------------------------|---------------------|---------------------|
| Balances:  |                          |                          |                     |                     |
| ACAs       | -                        | 271,995                  | (258,106)           | -                   |
| Tax losses | -                        | (61,476)                 | 373,767             | -                   |
| Other      | -                        | (3,076)                  | 4,438               | -                   |
|            | -                        | 207,443                  | 120,099             | -                   |

#### Movements in the year:

|                             | 2022<br>£ |
|-----------------------------|-----------|
| Liability at 1 January 2022 | 207,443   |
| Credit to profit or loss    | (327,542) |
| Asset at 31 December 2022   | (120,099) |

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Deferred income

|   | 2022<br>£ | 2021<br>£ |
|---|-----------|-----------|
| Other deferred income   | 791,667   | 870,833   |
| Deferred income is included in the financial statements as follows: |           |           |
| Current liabilities   | 79,167    | 79,167    |
| Non-current liabilities   | 712,500   | 791,666   |
|   | 791,667   | 870,833   |

During 2020, £950,000 was received by the subsidiary undertaking from the landlord as a contribution towards capital improvements at the new premises. This is being released to the Income Statement over the life of the lease.

### 20 Retirement benefit schemes

|   | 2022<br>£ | 2021<br>£ |
|---|-----------|-----------|
| <b>Defined contribution schemes</b>                                 |           |           |
| Charge to profit or loss in respect of defined contribution schemes | 220,955   | 242,481   |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Unpaid contributions at the year end were £17,571 (2021: £12,303).

### 21 Share capital

|                                    | 2022<br>Number | 2021<br>Number | 2022<br>£ | 2021<br>£ |
|------------------------------------|----------------|----------------|-----------|-----------|
| <b>Ordinary share capital</b>      |                |                |           |           |
| <b>Issued and fully paid</b>       |                |                |           |           |
| Ordinary of £1 each                | 125,000        | 125,000        | 125,000   | 125,000   |
| Ordinary non-voting of £1 each     | 3,538,687      | 3,538,687      | 3,538,687 | 3,538,687 |
| B Ordinary non-voting of 0.1p each | 2,453,787      | 2,453,787      | 2,454     | 2,454     |
|                                    | 6,117,474      | 6,117,474      | 3,666,141 | 3,666,141 |

During the prior year, the company issued 883,635 B Ordinary shares for their nominal amount of 0.1p each.

#### *Ordinary share rights*

The company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

The non-voting Ordinary shares carry the same rights and privileges and rank *pari passu* with the ordinary shares except that the holders of the non-voting shares do not have the right to vote at any general meeting.

# FINE DECOR WALLCOVERINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 22 Reserves

#### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.

### 23 Operating lease commitments

#### **Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2022<br>£        | 2021<br>£        |
|----------------------------|------------------|------------------|
| Within one year            | 245,898          | 261,479          |
| Between two and five years | 812,374          | 833,927          |
| In over five years         | 991,527          | 1,193,194        |
|                            | <u>2,049,799</u> | <u>2,288,600</u> |

### 24 Financial commitments, guarantees and contingent liabilities

The company was subject to a charge dated 30 December 2021 in the form of fixed and floating charges over the assets of the company in favour of JP Morgan Chase Bank, N.A. The charge is held against any amounts due to JP Morgan Chase Bank, N.A.

### 25 Related party transactions

The company has taken advantage of the disclosure exemption relating to section 33.1A of the standard, with regards to the requirement of disclosing transaction with fellow group entities.

#### **Fellow group undertakings**

The total value of sales to these entities was £7,794,674 (2021: £11,308,268). The total value of purchases made from these entities was £63,064 (2021: £133,416).

Interest charged on balances with these entities during the year was £26,469 (2021: £23,882).

The amount due to related parties at the balance sheet date was £4,792,965 (2021: £2,472,801).

### 26 Ultimate controlling party

The company is a subsidiary of Fine Decor Acquisition Limited. The ultimate parent company is Brewster FD Holdings Inc, which is the parent of the largest and smallest group of companies for which consolidated accounts are prepared. The registered office address is Corporation Trust Center, 1209 Orange St, Wilmington, DE 19801.

The Directors believe that there is no ultimate controlling party.