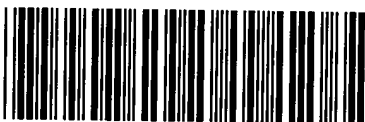

Duresta Upholstery Limited

Annual Report &
Financial Statements
30 June 2015

Registered number 341415

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COMPANIES HOUSE

Duresta Upholstery Limited

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Duresta Upholstery Limited

Strategic Report for the year ended 30 June 2015

The directors submit their strategic report on the company for the year ended 30 June 2015.

Principal activities

The sole activity of the company is the manufacture and sale of furniture.

Review of business and future developments

Gross invoiced sales increased from £14.7 million to £15.3 million with increased sales in the UK More than compensating for a fall in exports.

The increased UK sales came from customers with lower margins than is normally achieved from export business meaning that the overall average gross margin fell by a full percentage point (measured on invoiced sales).

The quantum of gross profit remained flat and therefore the increase in administrative expenses meant a reduction in operating profit (before exceptional items) from a profit of £133k to a loss of £226k. Exceptional costs in the year were the result of a management restructure.

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

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


The Directors are confident of achieving a return to profitability in the year ahead.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties for the business relate primarily to the performance of the UK economy and competition in the upholstery market.

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

This report was approved by the board on 11 September 2015 and signed on its behalf.


B Stitfall
Director

Duresta Upholstery Limited

Directors' report for the year ended 30 June 2015

The directors submit their report and the audited financial statements of the company for the year ended 30 June 2015. The principal activity of the company, review of the business and future developments are explained in the Strategic report on page 1.

Results and dividends

The loss for the financial year amounted to £260,446 (2014: profit of £145,553).

During the year the company paid an interim dividend of £500,000 to Sofa Brands International Limited. In 2014 the company made an interim dividend of £4 million to Sofa Brands International Limited. The dividend was paid in specie through the transfer of intergroup loans

The directors recommend that no final dividend be paid (2014: £Nil).

Financial risk management

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

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

Market prices

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

Credit risk

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

Liquidity risk

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

Directors

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

C N Kenyon-Brown

A R Pett (resigned 27 February 2015)

B Stitfall

M Cottam

C Swan

P Sharrocks (appointed 1 July 2014)

None of the directors had any interest in the shares of the company, its parent or fellow subsidiaries at 1 July 2014 or 30 June 2015.

Duresta Upholstery Limited

Directors' report for the year ended 30 June 2015 (*continued*)

Employees

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

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

Statement of disclosure of information to auditors

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

Independent auditors

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

By order of the board



E Jones
Company Secretary

11 September 2015

Wilson House
Ashtree Court
Woodsy Close
Cardiff Gate Business Park
Cardiff
CF23 8RW

Duresta Upholstery Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom 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.

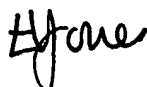
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

By order of the Board



E Jones
Company Secretary

11 September 2015

Wilson House
Ashtree Court
Woodsy Close
Cardiff Gate Business Park
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CF23 8RW

Duresta Upholstery Limited

Independent auditors' report to the members of Duresta Upholstery Limited

Report on the financial statements

Our opinion

In our opinion, Duresta Upholstery Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 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.
-

What we have audited

The financial statements comprise:

- the balance sheet as at 30 June 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Duresta Upholstery Limited

Independent auditors' report to the members of Duresta Upholstery Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report & Financial Statements 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.



Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

24th September 2015

Duresta Upholstery Limited

Profit and loss account for the year ended 30 June 2015

	Note	2015 £	2014 £
Gross Sales	3	15,270,831	14,663,513
Rebates and discounts	3	<u>(807,718)</u>	<u>(590,215)</u>
Turnover	3	14,463,113	14,073,298
Cost of sales		<u>(10,077,764)</u>	<u>(9,718,069)</u>
Gross profit		4,385,349	4,355,229
Distribution costs		<u>(377,551)</u>	<u>(347,716)</u>
Administrative expenses		<u>(4,329,518)</u>	<u>(3,891,889)</u>
Operating (loss)/profit before exceptional items		(226,389)	133,007
Exceptional items	5	<u>(95,331)</u>	<u>(17,383)</u>
Operating (loss)/profit and (loss)/ profit on ordinary activities before taxation	4	(321,720)	115,624
Tax on (loss)/profit on ordinary activities	8	<u>61,274</u>	<u>29,929</u>
(Loss)/profit for the financial year	16,17	<u>(260,446)</u>	<u>145,553</u>

All operations are classed as continuing. There have been no acquisitions or disposals in the years above.

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the years stated above, and their historical cost equivalents.

There are no other recognised gains or losses other than the (loss)/profit for the years above.

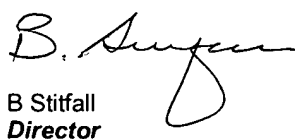
Duresta Upholstery Limited

Balance sheet

as at 30 June 2015

	Note	30 June 2015		30 June 2014	
		£	£	£	£
Fixed assets					
Tangible assets	10		154,081		171,876
Current assets					
Stocks	11	2,141,806		2,113,507	
Debtors: Amounts falling due within one year	12	2,227,229		1,607,973	
Cash at bank and in hand		1,594,990		2,517,258	
		<u>5,964,025</u>		<u>6,238,738</u>	
Creditors: Amounts falling due within one year	13	<u>(2,963,802)</u>		<u>(2,453,869)</u>	
Net current assets			<u>3,000,223</u>		<u>3,784,869</u>
Total assets less current liabilities			<u>3,154,304</u>		<u>3,956,745</u>
Provisions for liabilities	14		<u>(251,940)</u>		<u>(293,935)</u>
Net assets			<u>2,902,364</u>		<u>3,662,810</u>
Capital and reserves					
Called up share capital	15		3,000,000		3,000,000
Profit and loss account	16		<u>(97,636)</u>		<u>662,810</u>
Total shareholders' funds	17		<u>2,902,364</u>		<u>3,662,810</u>

These financial statements on pages 7 to 17 were approved by the board of directors on 11 September 2015 and were signed on its behalf by:


B Stittfall
Director

Registered number: 341415

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015

1 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items, which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and with Companies Act 2006.

The company's accounting reference date is 30 June. It is the company's policy to prepare financial statements for the accounting year to either the Sunday before or after this date. The accounting year covers 52 weeks from 30 June 2014 to 28 June 2015. The comparative data covers 52 weeks to 29 June 2014.

Going concern

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

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Sofa Brands International Limited and its results are included in the consolidated financial statements of Sofa Brands International Limited, which are publically available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Sofa Brands International Limited group.

Turnover and gross sales

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

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

Stocks

Stocks are valued on a first in, first out ("FIFO") basis and are stated at the lower of cost, being direct cost plus overheads applicable to the stage of manufacture reached, and estimated net realisable value.

Provision is made for redundant and discontinued stock lines in order to write down their value to amounts expected to be realised on sale. Slow moving stock is provided for by reference to historical usage.

Leasing

Payments under operating leases are charged to the profit and loss account on a straight line basis in the period in which they are incurred.

Design and development

Expenditure on design and development is written off in the period in which it is incurred.

Taxation

Provision is made for corporation tax at current rates on profits as adjusted for tax purposes.

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015

1 Accounting policies (*continued*)

Exceptional items

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are included within operating profits unless they represent material profits or losses on the sale or termination of operations, costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the company, or profits or losses on the disposal of fixed assets. In these cases separate disclosure is provided on the face of the profit and loss account which does not form part of operating profits of the company.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

Fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation.

The cost of tangible fixed assets, which represents purchase cost together with any incidental cost of acquisition, is written off on a straight line basis over their estimated useful lives, as follows:

Short leasehold property	Over the term of the lease
Plant and machinery	10% to 20% per annum
Fixtures and fittings	10% to 33⅓% per annum
Computer equipment & software	20% to 33⅓ % per annum

Depreciation is provided on additions from the month following the month of purchase.

The directors select the depreciation rates carefully and review them regularly to take account of any changes in circumstances.

Website development costs are capitalised as tangible fixed assets and written off on a straight line basis in accordance with the depreciation policy for computer equipment. Website planning and maintenance costs are charged to the profit and loss account as incurred.

Software development costs apart from training and costs relating to the selection of the software are capitalised as tangible fixed assets and are written off on a straight line basis. Once the software is fully in use any such further costs are treated as revenue in nature. Depreciation will only commence once the software is in use.

Pensions

Eligible employees are members of the Sofa Brands International Group Personal Pension Plan. This is a defined contribution scheme and contributions payable are charged to the profit and loss account.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction or, where currency contracts are in place, at a contracted rate. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date except where rates of exchange are fixed under contractual arrangements.

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015

1 Accounting policies (*continued*)

Provisions

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

2 Immediate and ultimate parent company and controlling party

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

The ultimate parent undertaking is Tyrolese (789) Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Tyrolese (789) Limited can be obtained from the Company Secretary at 66 Lincoln's Inn Fields, London WC2A 3LH.

The ultimate controlling party is Templeco 672 Limited.

3 Turnover

The analysis of gross sales by geographical area is:

	2015 £	2014 £
United Kingdom	12,517,484	11,258,945
Europe	1,875,055	2,163,570
Other	878,292	1,240,998
Gross sales	15,270,831	14,663,513
Less: rebates & discounts	(807,718)	(590,215)
Turnover	14,463,113	14,073,298

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

4 Operating (loss)/profit and (loss)/profit on ordinary activities before taxation

	2015 £	2014 £
This is stated after charging/(crediting):		
Depreciation of tangible fixed assets	101,732	103,856
Hire of plant and machinery	145,613	117,512
Profit on sale of fixed assets	-	(8,372)
Other operating lease rentals	228,000	228,000
Services provided by the company's auditor		
- Fees payable for the audit	18,500	18,500
- Taxation compliance services	4,500	4,500
- Taxation advisory services	-	8,116

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

5 Exceptional items

	2015 £	2014 £
Administrative expenses	95,331	17,383

In 2015 the exceptional costs related to compensation for loss of office payments that were made as part of a restructuring of the company's management.
The exceptional items incurred in 2014 related to redundancy costs.

6 Employee information

The monthly average number of persons employed by the company during the year was as follows:

By activity	2015 Number	2014 Number
Administration & senior management (including directors)	41	42
Manufacturing	140	139
Distribution	5	6
	186	187

	2015 £	2014 £
The aggregate payroll costs of these persons were:		
Wages and salaries	5,377,130	4,657,596
Social security costs	520,200	436,882
Other pension costs (<i>Note 21</i>)	75,052	63,022
	5,972,382	5,157,500

7 Directors' emoluments

	2015 £	2014 £
Aggregate emoluments	843,619	487,685
Compensation for loss of office	80,281	-
Company contributions to defined contribution pension scheme	15,362	12,726

During the year retirement benefits were accruing to 4 directors (2014: 5) in respect of defined contribution pension schemes.

Highest paid director:

	2015 £	2014 £
Total amount of emoluments	464,367	169,537
Company contributions to defined contribution pension scheme	3,036	2,988

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

8 Tax on (loss)/profit on ordinary activities

	2015 £	2014 £
Current tax:		
- UK corporation tax on (loss)/profit for the year	(67,277)	12,000
- Adjustments in respect of prior years	-	(70,848)
Total current tax	(67,277)	(58,848)
Deferred tax:		
- Origination and reversal of timing differences (<i>Note 12</i>)	6,230	10,324
- Impact of changes in tax rate	(226)	8,032
- Adjustments in respect of prior years	(1)	10,563
Total deferred tax (<i>Note 12</i>)	6,003	28,919
Tax credit on (loss)/profit on ordinary activities	(61,274)	(29,929)

The tax assessed for the year is different (*2014: different*) than the standard rate of corporation tax in the UK of 20.75% (*2014: 22.5%*). The differences are explained below:

	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	(321,720)	115,624
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (<i>2014: 22.5%</i>)	(66,757)	26,015
<i>Effects of:</i>		
- Expenses not deductible for tax purposes	5,709	13,151
- Income not taxable for tax purposes	-	(15,343)
- Accelerated capital allowances	(7,333)	(12,034)
- Other timing differences	1,104	1,711
- Adjustments in respect of prior years	-	(70,848)
- Effects of other tax rates/credits	-	(1,500)
Current tax credit for the year	(67,277)	(58,848)

Factors affecting current and future tax charges

There are no factors that affect the current and future tax charges.

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

9 Dividends

	2015 £	2014 £
Dividend in specie	-	4,000,000
Interim paid: 16.67p per £1 Ordinary share	500,000	-
	500,000	4,000,000

The directors have not proposed a final dividend for the year ended 30 June 2015 (2014: £nil).

10 Tangible fixed assets

	Short leasehold land & buildings £	Plant & machinery £	Fixtures, fittings, office & computer equipment £	Total £
Cost				
At 1 July 2014	608,784	892,603	716,656	2,218,043
Additions	-	5,005	78,932	83,937
Disposals	-	-	(71,308)	(71,308)
At 30 June 2015	608,784	897,608	724,280	2,230,672
Accumulated depreciation				
At 1 July 2014	608,784	864,030	573,353	2,046,167
Charge for year	-	5,614	96,118	101,732
Disposals	-	-	(71,308)	(71,308)
At 30 June 2015	608,784	869,644	598,163	2,076,591
Net book value				
At 30 June 2015	-	27,964	126,117	154,081
At 30 June 2014	-	28,573	143,303	171,876

11 Stocks

	30 June 2015 £	30 June 2014 £
Raw materials and consumables	1,656,953	1,467,549
Work in progress	179,013	351,255
Finished goods	305,840	294,703
	2,141,806	2,113,507

The replacement cost of stocks in the directors' opinion does not differ significantly from the amounts shown above.

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

12 Debtors: Amounts falling due within one year

	30 June 2015 £	30 June 2014 £
Trade debtors	1,902,836	1,308,086
Amounts owed by group undertakings	67,300	13,818
Other debtors	3,497	3,258
Deferred tax asset (see below)	46,011	52,014
Prepayments and accrued income	207,585	230,797
	2,227,229	1,607,973

Amounts due by group companies are unsecured, interest-free and have no fixed date of repayment.

Deferred tax asset	2015 £	2014 £
1 July	52,014	80,933
Deferred tax charge in profit and loss account for year (<i>Note 8</i>)	(6,004)	(18,356)
Adjustments in respect of prior periods	1	(10,563)
30 June	46,011	52,014

Deferred taxation

The elements of deferred taxation are as follows:

	30 June 2015 £	30 June 2014 £
Accelerated capital allowances	27,497	33,922
Other timing differences	18,514	18,092
Deferred tax asset	46,011	52,014

13 Creditors: Amounts falling due within one year

	30 June 2015 £	30 June 2014 £
Trade creditors	1,364,315	1,517,776
Amounts owed to group undertakings	687,679	182,332
Other taxation and social security	504,400	373,812
Corporation tax	-	12,000
Accruals and deferred income	407,408	367,949
	2,963,802	2,453,869

Amounts due to group companies are unsecured, interest-free and have no fixed date of repayment.

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

14 Provisions for liabilities

	Commercial £	Property £	Total £
At 1 July 2014	129,935	164,000	293,935
(Credited)/charged to the profit and loss account	(16,065)	8,000	(8,065)
Utilised	(33,930)	-	(33,930)
At 30 June 2015	79,940	172,000	251,940

Commercial

Provision has been made to reflect the directors' best current estimate of certain liabilities arising from contractual and other arrangements. It is not possible to estimate with any certainty when this provision will be utilised due to its nature.

Property

Provision has been made to reflect the directors' best current estimates of repairs and other costs required to satisfy the terms of property lease agreements. The timing of the utilisation of the provision will be in line with the lease agreement as stated in Note 18.

The above provisions have not been discounted.

15 Called up share capital

	30 June 2015 £	30 June 2014 £
<i>Allotted and fully paid</i>		
3,000,000 (2014: 3,000,000) Ordinary shares of £1 each	3,000,000	3,000,000

On 9 June 2014 the company reduced its share capital from 6,854,800 £1 Ordinary shares to 3,000,000 £1 Ordinary shares. As part of the reduction the capital reserve was eliminated and the reserves of the company were credited accordingly.

16 Reserves

	Profit and loss account £
At 1 July 2014	662,810
(Loss)/profit for the financial year	(260,446)
Dividends paid	(500,000)
At 30 June 2015	(97,636)

Duresta Upholstery Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

17 Reconciliation of movements in shareholders' funds

	30 June 2015 £	30 June 2014 £
Opening shareholders' funds	3,662,810	7,517,257
(Loss)/profit for the financial year	(260,446)	145,553
Interim dividends paid	(500,000)	-
Dividends in specie	-	(4,000,000)
Closing shareholders' funds	2,902,364	3,662,810

18 Commitments

The company had capital commitments of £Nil at 30 June 2015 (*2014: £Nil*).

At 30 June 2015 the company had annual commitments for the year ending 30 June 2016 under non cancellable operating leases totalling £329,700 (*2014: £343,005*) as follows:

	30 June 2015		30 June 2014	
	Land & buildings £	Other £	Land & buildings £	Other £
On leases which expire:				
Within one year	-	11,832	-	7,576
Between two and five years	228,000	89,868	228,000	75,461
After five years	-	-	-	31,968
	228,000	101,700	228,000	115,005

19 Contingent liabilities

The company has in place a cross guarantee and debenture which effectively means that there is a fixed and floating charge over all of its assets in relation to the bank borrowings and loan notes of 1869 Limited, the parent company of Sofa Brands International Limited. The bank borrowings of the 1869 Limited Group at 30 June 2015 were £20,000,000 (*2014: £3,000,000*) and the loan notes were £43,764,758 (*2014: £Nil*).

20 Pensions

Eligible employees are members of the Sofa Brands International Group Personal Pension Plan which is a defined contribution scheme. The contributions made to the scheme during the year were £75,052 (*2014: £63,022*). At the end of the year, contributions of £14,659 (*2014: £10,777*), representing unpaid contributions were outstanding.