

HOUSING UNITS LIMITED

Annual Report and financial statements

52 weeks ended 26 March 2018



REPORT AND FINANCIAL STATEMENTS 2018

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H Fox

J P Hughes

N J Fox

R J Newson

S J Fox

S G Smith (appointed 8th September 2017)

REGISTERED OFFICE

Distribution and Administration Centre

Tweedale Way

Chadderton

Oldham

OL9 7HU

BANKERS

The Royal Bank of Scotland Plc

100 Barbirolli Square

Manchester

M60 2FT

SOLICITORS

North Ainley Halliwell

34/42 Clegg Street

Oldham

OL1 1PS

AUDITOR

Deloitte LLP

Statutory Auditor

2 Hardman Street

Manchester

M3 3HF

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The principal activity of the Company is that of a retailer of home furnishings, fireplaces and bathrooms.

The financial statements are prepared for the 53 weeks ended 01 April 2018 (2017 - 52 weeks ended 26 March 2017).

During the period turnover was £25,493,000 (2017 - £25,523,000).

Along with turnover, the Company's other key performance measures are EBITDA, £1,101,000 (2017 - £1,277,000), and profit before tax, £1,002,000 (2017 - £1,167,000).

The profit for the period after tax amounted to £803,000 (2017 - £936,000).

During the period the business completed the expansion of its distribution centre, the 1st stage of a larger investment programme aimed at consolidating Housing Units position as the premier home furnishings destination in the North West and providing the stock storage and distribution capacity to enable future growth.

The business has also modernised its visual branding and signage and has continued to invest in improving the customer experience in both the physical retail site and online channel.

These investments are designed to ensure the Company continues to have a modern and forward looking retail proposition for its customers whilst building on the strong heritage and high service standards that the brand has developed over many years.

The Company retains healthy levels of liquid financial resources and has funding in place to support further investment in the long term growth of the business.

The directors consider that the strategy of offering exceptional levels of customer service, selling the highest quality products at competitive prices and continuing to recruit and retain the highest quality staff remain the cornerstones required to ensure the future success of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the following to be the principal risks and uncertainties facing the Company:

- a deterioration in consumer confidence and a slowing in the UK economy; and
- increases in taxation or interest rates reducing discretionary consumer spending.

The directors monitor and mitigate these risks with regular reviews of trading performance.

FUTURE DEVELOPMENTS

Whilst the UK government continues negotiations with the EU and some economic uncertainty persists, the directors believe that trading conditions in the home furnishing sector and within the UK economy as whole will remain highly competitive and will continue to monitor the situation and regularly assess new announcements on the progress of the negotiations.

However, given the underlying strength of the business, during the forthcoming year the directors expect the general level of trading activity of the Company to remain consistent with the previous period and the directors continue to actively explore new opportunities for investment and the growth of the business.

Approved by the Board of Directors
and signed by order of the Board



R J Newson

Finance Director
10th October 2018

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 53 weeks ended 01 April 2018.

The strategic report includes the principal activity, review of business and key performance indicators, financial risk management objectives and policies, principal risks and uncertainties and future developments.

GOING CONCERN

The directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in the preparation of these financial statements as detailed on page 10, note 1 to the accounts.

DIVIDENDS

During the period dividends of £1,000,000 were proposed and paid (2017 - £1,500,000).

DIRECTORS

The present membership of the Board is set out on page 1. All directors served throughout the period and thereafter unless otherwise stated in page 1.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors consider that the Company's financial risk is ultimately linked to those of its parent Housing Units Group Limited. The activities of the Company and its parent expose it to a number of financial risks including cash flow risk and liquidity risk. The use of financial derivatives is governed by the policies of the Company and its parent as approved by the board of directors of each company. The Company and its parent do not use derivative financial instruments for speculative purposes.

Foreign exchange risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company and its parent use a mixture of long-term and short-term debt finance.

Credit risk

The groups principal financial assets are bank balances, cash and other receivables. No significant risk is identified regarding receivables as limited credit facilities are offered to customers. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

EMPLOYEE INVOLVEMENT

The company appreciates the commitment of its employees in maintaining high standards of service. Communication with employees is by consultation, memoranda, management briefings, meetings and departmental briefings.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EVENTS AFTER THE BALANCE SHEET DATE

No significant events since the balance sheet date have occurred to the date of signing these financial statements.

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board



R J Newson

Finance Director

10th October 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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 HOUSING UNITS LIMITED**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Housing Units Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 01 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt on the company's ability to continue to adopt the going concern basis or accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover any other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is material misstatement in the financial statements or a material misstatement in the other information. 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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOUSING UNITS LIMITED (continued)**Responsibilities of the directors**

As explained more fully in the director's responsibilities statement, the directors are responsible for the preparation of the financial statement 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 to fraud or error and to issue an auditor's report that include 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements**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 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 director's report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 or directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of this 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.



Elizabeth Benson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
17 October 2018

PROFIT AND LOSS ACCOUNT
53 weeks ended 01 April 2018

	Note	53 weeks ended 01 April 2018 £ '000	52 weeks ended 26 March 2017 £ '000
TURNOVER	2	25,493	25,523
Cost of sales		(13,923)	(13,852)
GROSS PROFIT		11,570	11,671
Administrative expenses		(11,063)	(11,026)
Other operating income	4	261	295
OPERATING PROFIT		768	940
Interest receivable (net)	3	234	227
PROFIT BEFORE TAXATION	4	1,002	1,167
Tax on profit	6	(199)	(231)
PROFIT FOR THE FINANCIAL PERIOD		803	936

All of the Company's activities relate to continuing operations.

The Company has no recognised gains or losses for the current or preceding financial period other than the profit for the respective periods as shown above, accordingly no separate statement of other comprehensive income has been presented.

STATEMENT OF CHANGES IN EQUITY
53 weeks ended 01 April 2018

	Called-up share capital £'000 (Note 16)	Profit and loss account £'000	Total £'000
At 27th March 2016	1	9,622	9,623
Profit for the financial period and total comprehensive income	-	936	936
Dividends paid (Note 7)	-	(1,500)	(1,500)
At 26th March 2017	1	9,058	9,059
Profit for the financial period and total comprehensive income	-	803	803
Dividends paid (Note 7)	-	(1,000)	(1,000)
At 1st April 2018	1	8,861	8,862

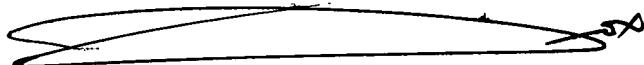
BALANCE SHEET

As at 01 April 2018

	Note	01 April 2018 £'000	01 April 2018 £'000	26 March 2017 £'000	26 March 2017 £'000
FIXED ASSETS					
Tangible assets	8	1,165		1,121	
Investments	10	2		2	
			1,167		1,123
CURRENT ASSETS					
Stocks	11	3,650		3,570	
Debtors	12	7,327		8,104	
Cash at bank and in hand		1,777		1,664	
		12,754		13,338	
CREDITORS: amounts falling due within one year	13	(4,969)		(5,270)	
NET CURRENT ASSETS			7,785		8,068
TOTAL ASSETS LESS CURRENT LIABILITIES			8,952		9,191
CREDITORS: amounts falling due after more than one year	14		(5)		(18)
			8,947		9,173
PROVISIONS FOR LIABILITIES	15		(85)		(114)
NET ASSETS			8,862		9,059
CAPITAL AND RESERVES					
Called-up share capital	16		1		1
Profit and loss account			8,861		9,058
SHAREHOLDER'S FUNDS			8,862		9,059

The financial statements of Housing Units Limited, registered number 00445593, were approved by the board of directors and authorised for issue on 10th October 2018.

Signed on behalf of the board of directors



H Fox
Director

NOTES TO THE FINANCIAL STATEMENTS**53 weeks ended 01 April 2018****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently in the current and prior period, are described below.

General information and basis of accounting

Housing Units Limited is a private company limited by shares and is incorporated in the England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements are prepared for the 53 weeks ended 01 April 2018. Since this is within seven days of 31 March each year, the requirements of the Companies Act with regard to the dating of the financial statements are met, comparative data is for the 52 weeks ended 26 March 2017.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Consolidation

The Company has taken advantage of the exemption granted under section 400 of the Companies Act 2006 not to prepare group accounts, as it is itself a subsidiary undertaking of Housing Units Group Limited, a company incorporated in the United Kingdom. Its results are included in the financial statements of that company (see note 19).

These financial statements present information about the Company as an individual undertaking and not about its Group.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to the presentation of a cash flow statement, financial instruments, the remuneration of key management personnel and intra-group transactions.

Going concern

As a 100% subsidiary, the financial position of the Company is directly linked to that of its parent, Housing Units Group Limited.

The Company's parent has debt agreements in place with its bank which, in the opinion of the directors, provide suitable debt financing arrangements for the company and its parent for the foreseeable future.

This information has been used to produce cash flow forecasts and to review the financial position of the Company and its parent, current trading, its cash flows, liquidity position, borrowing facilities and covenant position over the coming years. On this basis the directors consider that the Company and its parent have adequate resources for the foreseeable future.

Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Investments

Investments are stated at cost less provision for any impairment.

Tangible fixed assets

Tangible fixed assets are held at cost, net of depreciation and any provision for impairment. Depreciation has been provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	12.5% per annum
Fixtures and fittings	12.5% per annum
Motor vehicles	12.5 % to 20% per annum
Computers and technology	12.5% to 33% per annum

NOTES TO THE FINANCIAL STATEMENTS (continued)**53 weeks ended 01 April 2018****1. ACCOUNTING POLICIES (continued)****Stocks**

Stock is valued at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Turnover is recognised upon dispatch of goods to customers.

Other income

Other Income relates to sales commission and rent received in the period. Income is recognised in the Profit and Loss Account in the same period in which the services are provided.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gains or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is When the amount that can be deducted for tax for an asset that is recognised in the business is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Pensions

The Company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account. Differences between contributions payable in the period and the period end contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Leases

Assets obtained under finance leases are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rentals under operating leases are charged on a straight-line basis over the term of the lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

53 weeks ended 01 April 2018

1. ACCOUNTING POLICIES (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units (CGU) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS (continued)**53 weeks ended 01 April 2018****1. ACCOUNTING POLICIES (continued)****Financial assets and liabilities (continued)**

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**53 weeks ended 01 April 2018****1. ACCOUNTING POLICIES (continued)****Critical judgements in applying the Company's accounting policies**

The following critical judgement has been made by the directors in the process of applying the Company's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Valuation of stock

The Company reviews its stock valuation continually to ensure that items are not valued above net realisable values. Current selling prices and historic rates of sale are reviewed to ensure that a suitable provision is made to the carrying value of the stock where there is the likelihood that an item might be sold below its historic cost price.

Key source of estimation uncertainty

In the opinion of the directors there are no key sources of estimation uncertainty.

2. TURNOVER

The directors consider that, during both the current and prior period, only one class of business was conducted and the only geographical market supplied was the United Kingdom.

3. INTEREST RECEIVABLE (NET)

	53 weeks ended 01 April 2018 £'000	52 weeks ended 26 March 2017 £'000
Bank interest receivable	1	8
Interest receivable on intercompany loan	234	220
Interest payable for finance leases	(1)	(1)
	<u>234</u>	<u>227</u>

4. PROFIT BEFORE TAXATION

	53 weeks ended 01 April 2018 £'000	52 weeks ended 26 March 2017 £'000
Profit before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	334	337
(Profit) / Loss on disposal of fixed assets	(2)	5
Rentals under operating leases - Land & Buildings	918	898
- Other	19	15
Auditor's remuneration - audit of this company	16	17
- other fees for taxation services	6	5
Other operating income:		
Rent received	(54)	(94)
Sales commission and other trading income	(182)	(198)
Other sundry income	(25)	(3)
	<u>(261)</u>	<u>(295)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 weeks ended 01 April 2018

5. STAFF COSTS

	53 weeks ended 01 April 2018 Number	52 weeks ended 26 March 2017 Number
Monthly average number of persons employed, including directors		
Office and management	87	88
Sales and distribution	193	201
	<u>280</u>	<u>289</u>
	£'000	£'000
Their aggregate remuneration comprised		
Wages and salaries	5,250	5,414
Social security costs	450	415
Pension costs	96	91
	<u>5,796</u>	<u>5,920</u>
	£'000	£'000
Directors' remuneration		
Directors' emoluments	640	540
Pension contributions	39	36
	<u>679</u>	<u>576</u>
Total		
	Number	Number
The number of directors who are members of a defined contribution pension scheme	5	4
	£'000	£'000
Remuneration of highest paid director		
Emoluments	198	179
Company contributions to defined contribution pension scheme	-	-

Details of transactions with directors during the period are described in Note 21.

NOTES TO THE FINANCIAL STATEMENTS (continued)**53 weeks ended 01 April 2018****6. TAX ON PROFIT**

	53 weeks ended 01 April 2018 £'000	52 weeks ended 26 March 2017 £'000
Current tax on profit		
Corporation tax	228	245
	228	245
Deferred tax		
Origination and reversal of timing differences	(32)	(8)
Effect of changes in tax rates	3	(6)
	(29)	(14)
	<u>199</u>	<u>231</u>

The standard rate of corporation tax applied to the reported profit is 19% from 01 April 2017 (2016: 20%)

The differences are explained below:

	2018 %	2017 %
Standard tax rate for the period as a percentage of profits	19	20
Total tax charge for the period	<u>19</u>	<u>20</u>

Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% from 1 April 2020. Accordingly, deferred tax balances have been valued at the rate of 17% in these accounts. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax liability will be reduced.

7. DIVIDENDS ON EQUITY SHARES

	2018 £'000	2017 £'000
Dividends proposed and paid in period £95.15 per share. (2017 £142.72 per share).	<u>1,000</u>	<u>1,500</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**53 weeks ended 01 April 2018****8. TANGIBLE FIXED ASSETS**

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computers and technology £'000	Total £'000
Cost					
At 27 March 2017	276	4,990	607	937	6,810
Additions	34	246	85	60	425
Disposals	(13)	(1)	(138)	(4)	(156)
At 01 April 2018	<u>297</u>	<u>5,235</u>	<u>554</u>	<u>993</u>	<u>7,079</u>
Depreciation					
At 27 March 2017	187	4,350	306	846	5,689
Charge for the period	23	159	79	73	334
Disposals	(13)	-	(92)	(4)	(109)
At 01 April 2018	<u>197</u>	<u>4,509</u>	<u>293</u>	<u>915</u>	<u>5,914</u>
Net book value					
At 01 April 2018	<u>100</u>	<u>726</u>	<u>261</u>	<u>78</u>	<u>1,165</u>
At 26 March 2017	<u>89</u>	<u>640</u>	<u>301</u>	<u>91</u>	<u>1,121</u>

The Company has leased motor vehicles and plant and machinery on leases which are considered to meet the definition of finance leases and are accounted for accordingly. See note 9 for details.

9. TANGIBLE FIXED ASSETS HELD UNDER FINANCE LEASES (included in note 8)

	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost			
At 27 March 2017	12	79	91
Expired leases	-	(65)	(65)
At 01 April 2018	<u>12</u>	<u>14</u>	<u>26</u>
Depreciation			
At 27 March 2017	1	26	27
Charge for the period	1	3	4
Expired leases	-	(22)	(22)
At 01 April 2018	<u>2</u>	<u>7</u>	<u>9</u>
Net book value			
At 01 April 2018	<u>10</u>	<u>7</u>	<u>17</u>
At 26 March 2017	<u>11</u>	<u>53</u>	<u>64</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**53 weeks ended 01 April 2018****10. FIXED ASSET INVESTMENTS**

**Shares in
group
under-
takings
£'000**

Cost and net book value at 26 March 2017 and 01 April 2018

2

All of the above investments are unlisted.

The investments in group companies are as follows:

Name	Activity	Class of shares	% Shares held
Housing Units (Merchants) Limited	Dormant	Ordinary	100
Housing Units (Millgate Furniture) Limited	Dormant	Ordinary	100

Both companies are incorporated in England and Wales and their registered address is noted on page 1.

11. STOCKS

**2018
£'000**

**2017
£'000**

Goods for resale

3,650

3,570

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS

**2018
£'000**

**2017
£'000**

Trade debtors

14

47

Amounts owed by group undertakings

6,576

7,134

Prepayments and accrued income

737

923

7,327

8,104

Amounts owed by group undertakings are repayable upon demand and accrue interest at 3%.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

**2018
£'000**

**2017
£'000**

Trade creditors

1,833

2,007

Other taxation and social security

621

765

Corporation tax

125

75

Accruals and deferred income

2,377

2,417

Hire purchase finance creditor

13

6

4,969

5,270

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

**2018
£'000**

**2017
£'000**

Hire purchase finance creditor (due within two and five years)

5

18

NOTES TO THE FINANCIAL STATEMENTS (continued)**53 weeks ended 01 April 2018****15. PROVISIONS FOR LIABILITIES**

Deferred taxation	2018 £'000	2017 £'000
Balance brought forward	114	128
Deferred tax (credit)/charge to profit and loss account	(32)	(8)
Changes in the rate of deferred tax	3	(6)
Balance carried forward	<u>85</u>	<u>114</u>

Deferred tax is analysed as follows:

	2018 £'000	2017 £'000
Capital allowances in excess of depreciation	<u>85</u>	<u>114</u>

16. CALLED-UP SHARE CAPITAL AND RESERVES

	2018 £'000	2017 £'000
Alloted, called-up and fully paid		
10,510 (2017 – 10,510) A ordinary shares of £0.10 each	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve, which represents the cumulative profits or losses of the Company net of dividends paid.

17. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2018 £'000	Other 2018 £'000	Land and buildings 2017 £'000	Other 2017 £'000
- within one year	1,001	4	898	6
- between one and five years	4,003	5	3,593	9
- after 5 years	6,710	-	6,914	-
	<u>11,714</u>	<u>9</u>	<u>11,405</u>	<u>15</u>

£11,539,000 of the land and buildings commitment is internal and committed to Housing Units Group Ltd with only the remaining £175,000 being committed to external parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)**53 weeks ended 01 April 2018****18. RETIREMENT BENEFIT SCHEME**

The Company operates a defined contribution retirement benefits scheme for qualifying employees.

The total expense charged to profit or loss in the period ending 53 weeks ended 01 April 2018 was £96,000 (2017 - £91,000).

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate and ultimate parent company is Housing Units Group Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the financial statements of Housing Units Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors consider that the company is ultimately controlled by H Fox, one of the directors, who owns the controlling interest of the ordinary shares in Housing Units Group Limited.

Consolidated financial statements for Housing Units Group Limited, the largest and smallest Group to consolidate the results of this Company, can be obtained from Tweedale Way, Chadderton, Oldham, OL9 7HU.

20. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of its parent company, Housing Units Group Limited, which at 01 April 2018 amounted to £4,000,000 (2017 - £2,500,000).

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in FRS 102 for wholly owned subsidiaries not to disclose transactions with entities that are part of the Group.

The Company paid rent totalling £32,680 (2017 - £32,680) on car parks owned by the Housing Units Retirement Benefits Scheme and a sum of £12,018 (2017 - £11,486) for the use of property owned by S Fox, a director of Housing Units Limited. The retirement benefits scheme is a related party as the beneficiaries are directors of Housing Units Group Limited.

There were no amounts due to or from Mr S. Fox or the Housing Units Retirement Benefit Scheme as at the balance sheet date.