Company registered no: 1277785

Airsprung Group PLC
Annual report and financial statements
for the year ended 31 March 2020

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Airsprung Group PLC

Board of directors and advisers

Officers and professional advisors

Directors
A Lisanti
T Dallaway
A Perloff
S Peters

Secretary
T Dallaway

Company number
1277785

Registered office
Canal Road
Trowbridge
Wiltshire
BA14 8RQ

Bankers
Svenska Handelsbanken
7 Henry Street
Bath
BA1 1RG

Independent auditors
Bishop Fleming LLP
Chartered Accountants and Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

Airsprung Group PLC

Strategic report
for the year ended 31 March 2020

The directors submit their strategic report for the year ended 31 March 2020.

Business review and future developments

The directors consider the key performance indicators for the Airsprung Group PLC ('the Group') to be gross margin, operating profit as a percentage of revenue and cash generation.

	2020	2019
Gross margin	**16.7%**	17.8%
Net margin	**(6.5%)**	(5.8%)
Net cash used in operating activities	**(£1,304,000)**	(£803,000)

Airsprung Group PLC is a diverse manufacturer and supplier of beds, headboards, upholstery, converted foam and graphic design products and services. The Group manufactures beds, upholstery and headboards that are in turn marketed via multi-channel retail including the traditional high street stores, on-line catalogues, e –tailers and also into the hospitality sector. The Group's foam conversion business produces shaped foam products used within the Group for bed and upholstery fillings and also produces high specification foam products for non-Group customers operating in non-furniture related industries. Our graphic design business, Arena Design, produces marketing materials, Point of Sale, catalogues and web sites for both Airsprung Group PLC businesses and external clients.

During the first three quarters of 2019/20 the Group was enjoying a very significant improvement from the previous year for several fundamental reasons. Structural changes in the internal operation of two major customers that had occurred in the previous year, had by now completed and were once again running at a steady state and with volumes growing. Entirely new revenue streams were developed, particularly in our upholstery business that allowed a more streamlined operation and hence improved operating ratios. This trend in our upholstery business has continued to positively develop and is now on a strong platform for the future.

Operationally issues we had seen relating to east European workers returning to their home countries following the Brexit process have all but stopped and we are pleased that so many remained with the business thus complementing the homegrown skilled workforce. Input prices also remained generally stable throughout the year.

Unfortunately however the Group suffered extensively during the last financial quarter as the effects of the Covid 19 pandemic started to make itself felt. The whole business closed during March as bricks and mortar retailers were themselves legally required to close and, just as crucially, suppliers to the business were unable to supply due to their own plant closures relating to Covid 19. This sharp and unprecedented slow down followed by the cessation of operations naturally challenged the business very significantly and revenues were inevitably markedly impacted. We did however manage the workforce and the lockdown situation highly proficiently and we were back up and running within five weeks in all our main business areas, amongst the first to do so in the UK.

To reflect the changing market conditions brought about by Covid 19, a re-structure of the group was initiated and the outcome has seen the cost base fall very significantly as a consequence. The re-structure has proven highly successful and long term benefits will accrue from these changes. The current year, so far, even after the impact of Covid 19 has seen a yet stronger performance with many new opportunities ahead but of course we remain prone to the vagaries of the pandemic. At this stage however we anticipate returning to a profitable position in the 21/22 financial year.

We were pleased to note that the pension deficit had reduced by a further £2.8m in the year.

There was no requirement for any new cash injection into the business during the period or indeed anticipated for the foreseeable future.

Strategic report
for the year ended 31 March 2020 (continued)

Principal Risks and uncertainties

The principal risks and uncertainties are discussed in the Directors' report.

This report was approved by the board on 23 December 2020 and signed on its behalf by

A Lisanti

Directors' report
for the year ended 31 March 2020

The directors submit their report together with the audited consolidated financial statements for the year ended 31 March 2020.

Profits and dividends

The consolidated income statement on page 13 shows a loss before tax of £2,655,000 (2019: loss £2,594,000). The loss before tax is after charging £419,000 (2019: £431,000) notional interest charge on pension scheme liabilities. The directors do not recommend a final payment of a dividend (2019:£nil ordinary shares). A profit of £8,000 (2019: loss of £2,953,000) has been transferred to reserves (see page 14).

Principal Activities

The principal activity of the Group and subsidiary undertakings is the manufacture, import and supply of beds, mattresses and upholstery. The directors do not foresee any major change in the level or nature of the Group's business.

Directors and their interests

The directors of the company at 31 March 2020 all of whom served throughout the year and to the date of signing the financial statements except as noted below, were:

A Lisanti
T Dallaway
A Perloff
S Peters

Portnard Limited, a company that A Perloff has an interest in, owned the entire share capital in the company. Apart from the interests disclosed above, no other directors had interests at any time in the year in the share capital or loan stock of the company or in other Group companies.

There were no commitments or contracts during or at the end of the year in which a director of the company is, or was, materially interested and which are, or were, significant in relation to the Group's business. A loan of £1m was provided to the Group by a related party during the year.

Corporate governance

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and parent company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

-select suitable accounting policies and then apply them consistently;

-state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;

-make judgements and accounting estimates that are reasonable and prudent; and

-prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

-so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and

-they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

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 Group's auditors are unaware, and each Director has taken all the steps that he/ she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Internal controls — risk management
The board of directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, while management are required to implement board policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure of business objectives. In pursuing these objectives, internal controls can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has an established control framework which aims to:

- safeguard Group assets;
- ensure proper accounting records are maintained;
- provide reliable financial information for internal and external use.

During the year the board undertook a formal re-assessment of risk management and control arrangements in order to form a view on the overall effectiveness of the system of internal control. The key elements of this system are:

- a comprehensive budgeting system, with annual budgets approved by the Group board; detailed monthly reporting, including forecasting to the Group board and comparison of results against budget, with performance monitoring and explanations provided for significant variances;
- a defined procedure for seeking and obtaining approval for major transactions;

Going concern

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the review of the business contained in the Strategic report on page 2. The Group's financial statements show details of its financial position including, in note 20, details of its financial instruments, maturity of financial liabilities and its exposure to currency risk.

The Group's working capital requirements are met by cash generated from operating activities supported by an overdraft facility of £1.25 million. The facility, which is secured on a proportion of the Group's property, is formally reviewed annually and no matters have been raised by the Group's bankers to suggest that renewal may not be forthcoming on acceptable terms.

During the year under review HMP Limited, a related party, lent the Group £1.0 m which has been fully drawn down. HMP Limited have offered to increase this facility to £1.5m in 2021 if required.

Airsprung Furniture Limited, a subsidiary of the Group, uses a Supplier Invoice Discounting Facility. The facility is available based on 85% of the qualifying debtors to fund the working capital needs of the business. Post year end the funds available under the facility was increased to 100% of qualifying debtors.

The directors have considered the current COVID-19 pandemic as well as the potential challenges that may arise from BREXIT. These challenges could impact consumer demand, the supply chain, and the ability of the company to manufacture. The directors are satisfied that the business model has demonstrated its ability to operate in such situations, and consider that it is well placed to deal with these potential challenges. They have prepared forecasts which demonstrate the group has sufficient headroom within the current facilities to deal with a reasonable level of unforeseen events. The directors are satisfied it is reasonable to expect continued support from key stakeholders, including the investors, bank and pension fund. Therefore the directors have prepared the financial statements on a going concern basis.

Non-current assets

The Group's freehold land and buildings were professionally valued as at 1 April 1997 and this valuation has been incorporated into the consolidated balance sheet. Additions since 1 April 1997 are included at cost. The directors consider the market value of freehold property at 31 March 2020 to be in excess of that shown in the balance sheet.

Employee involvement

The directors recognise the need to keep employees informed about the Group's performance and progress, provide information on matters of concern to them and consult as appropriate. Bonus schemes and other incentives have been developed to enable employees to benefit more directly from their performance. Consultative meetings are held between senior management and employees through employee forums, with elected representatives from the workforce.

Directors' and Officers' liability insurance

The Group purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Creditor payment policy

The Group's current policy concerning the payment of its creditors is to: agree the terms of payment with its suppliers; ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; pay in accordance with its established contractual and other legal obligations once satisfactory performance of services or receipt of goods is achieved. The Group's average creditor days figure for the year is 45 days (2019: 55 days).

Disabled employees

The Group's employment policy takes account of the special care necessary to identify aptitudes, abilities and training needs of disabled employees and applicants so they may be effectively utilised to mutual benefit within the Group.

Health, safety and the environment

The directors take seriously their responsibilities for health, safety and the environmental aspects of the business and have developed policies and procedures in order to ensure, as far as is reasonably practicable, compliance with best practice.

Pensions

The assets of the pension schemes established for the benefit of the Group's employees are held, separately from those of the Group, by Trustees.

Principal risks and uncertainties

The Group's financial risk management objectives are detailed in note 20 of the financial statements. This includes details of the Group's exposure to interest rate, currency risks, credit risks, Covid 19 and BREXIT.

Economic conditions

The Group sells its products primarily to the retail sector and as such its performance is inevitably linked to the strength of its retail customers who in turn have a high dependence on consumer spending levels. Consumer spending is predominantly driven by the general health of the underlying economic conditions prevailing at any time and either its real impact on consumers or their personal confidence in relation to their ability to purchase what are generally discretionary goods. The Group's strategy of having a portfolio of businesses that operate across the bed and, to a lesser extent, the upholstery market segments assist in de-risking the Group to any one specific socio demographic consumer group. It is unusual that in difficult economic conditions that all sectors of the furniture market suffers in equal proportions, hence the ability to supply different sectors that purchase at very different price levels provides an element of cushioning.

Operating efficiencies

Operational efficiencies, particularly in the Group's volume businesses, are critical to maintaining margins and hence overall Group profitability. This area of the business is highly dependent on employing experienced and appropriately educated and trained management who bring to the Group significant operational skills. Targeted investment in plant, equipment and logistics are imperative in maintaining high levels of customer service, demanded by all retailers but must provide the Group with acceptable returns on those investments. The opportunity to maximise the tangible and human assets across the Group continues to suggest further profitable benefits in this area.

Key relationships

Major customers

The Group recognises that in some of its businesses there is a high level of reliance on relatively few customers that are providing the majority of demand. This situation to a great extent reflects the growth of the national multiple retailers at the expense of the traditional independent retailer that has been witnessed in many market sectors. The benefits to the Group of being key suppliers to these large retailers are many but include distribution efficiencies, purchasing benefits, manufacturing efficiencies and to date surety of payment. The major retailers enjoy the benefits of working with a smaller number of larger suppliers giving rise to administration benefits and purchasing leverage.

Reliance on key suppliers
The Group is not over exposed to any one key supplier even though for purchasing leverage purposes there are preferred suppliers who provide the majority of certain materials. In all cases, there are second tier suppliers who at relatively short notice are able to supply materials in the event of a preferred supplier failing to do so.

The Group's businesses take advantage of competitively priced materials from both UK and overseas but retain the ability to manufacture many of the key materials in-house thus balancing risk to financial benefit.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 April 2019 to 31 March 2020	2019/20
Energy consumption used to calculate emissions (kWh)	9,871,941
Total gross emissions in metric tonnes CO_2e	2,349
Intensity ratio (Tonnes of CO_2e per employee)	5.14

Quantification and reporting methodology
We have followed the 2019 HM Government Environmental Reporting Guidelines.
We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement
The chosen intensity measurement ratio is tonnes of CO_2e per employee.

Measures taken to improve energy efficiency
During the year the Company commissioned an energy management survey which has recommended a number of opportunities to reduce energy use. We have also increased the usage of video conferencing which has led to reduced travel.

Statement by the directors in accordance with s172 (1) Companies Ac 2006

In accordance with Section 172 of the Companies Act 2006, the directors of the Group have acted in a way they consider to be in good faith and would be most likely to promote the success of the Group for the benefit of its members as a whole. In doing so, the directors have had regard to factors including:

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the company.

The directors are conscious that they have clear responsibilities to ensure that the business behaves with an ethical and responsible culture within the industry sector it operates. The business is fully engaged with developing and maintaining appropriate technical standards in the production of its goods and that via independent auditing processes high social and ethical employment and supplier standards are also maintained. The directors recognise that the shareholder is supportive of the business and that they should in turn be treated in fair and transparent fashion.

The Directors' report has been approved by the Board of Directors and signed on behalf of the board by:

T Dallaway
Finance Director and Company Secretary
23 December 2020

Independent auditors' report to the members of Airsprung Group plc

Report on the audit of the group financial statements

Qualified opinion

We have audited the financial statements of Airsprung Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise Consolidated income statement for the year ended 31 March 2020, Consolidated statement of comprehensive income for the year ended 31 March 2020, Consolidated balance sheet as at 31 March 2020, Consolidated cash flow statement for the year ended 31 March 2020, Consolidated statement of changes in equity for the year ended 31 March 2020; and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2020, and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As a result of the COVID-19 pandemic, the Group was unable to perform a physical inventory count at the balance sheet date. Whilst the Group utilised physical inventory counts at other dates to derive inventory quantities at year end, due to a combination of both COVID-19 and these counts occurring prior to our appointment as auditor, we were unable to attend the physical inventory counts. We have been unable to satisfy ourselves through other audit procedures regarding the inventory quantities held at 31 March 2020, with the value of inventory included in the balance sheet at £2,837,000, together with any consequential impact on the consolidated income statement.

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 group 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 qualified opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you 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 about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report to the members of Airsprung Group plc

Report on the audit of the group financial statements (continued)

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 the 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 a material misstatement in the financial statements or a material misstatement of 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £2,837,000 held at 31 March 2020. We have concluded that where the other information refers to the inventory balance or related amounts within the consolidated income statement, it may be materiality misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

Except for the possible effect of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation of scope of our work relating to inventory, referred to above:

1) we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
2) we were unable to determine whether adequate accounting records have been kept.

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 qualified opinion:

- 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Airsprung Group plc

Report on the audit of the group financial statements (continued)

Auditors' 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 auditors' 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.

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

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.

Other matter

We have reported separately on the parent company financial statements of Airsprung Group plc for the year ended 31 March 2020.

Bishop Fleming LLP

John Talbot (Senior Statutory Auditor)
for and on behalf of Bishop Fleming LLP
Chartered Accountants and Statutory Auditors
10 Temple Back
Bristol
BS1 6FL
23 December 2020

Airsprung Group PLC

Consolidated income statement
for the year ended 31 March 2020

	Note	2020	2019
		£000	**£000**
Revenue	3	**33,304**	**36,629**
Cost of sales		**(27,737)**	**(30,107)**
Gross profit		**5,567**	**6,522**
Operating costs	4	**(7,726)**	**(8,650)**
Operating loss is analysed as:			
Before depreciation, amortisation and exceptional items		**(1,702)**	**(1,664)**
Depreciation and amortisation	5	**(457)**	**(464)**
Operating loss before exceptional items		**(2,159)**	**(2,128)**
Operating loss before financing		**(2,159)**	**(2,128)**
Finance costs	7	**(496)**	**(466)**
Loss before tax		**(2,655)**	**(2,594)**
Income tax	8	**35**	**433**
Loss for the period		**(2,620)**	**(2,161)**

Airsprung Group PLC
Consolidated statement of comprehensive income
for the year ended 31 March 2020

All the below figures relate to continuing operations.

	Note	2020 £000	2019 £000
Loss for the financial year		(2,620)	(2,161)
Actuarial gain/(loss) on defined benefit pension scheme	15	2,628	(92)
Movement on deferred tax asset relating to pension scheme	15	-	(700)
Total comprehensive income/(expense) for the year attributable to equity shareholders		8	(2,953)

Airsprung Group PLC

Consolidated balance sheet
as at 31 March 2020

	Note	2020 £000	2019 £000
Intangible assets	9	**100**	**100**
Property, plant and equipment	10	**6,349**	**6,765**
Deferred tax asset	16	**327**	**292**
Total non-current assets		**6,776**	**7,157**
Inventories	11	**2,837**	**3,101**
Trade and other receivables	12	**6,208**	**8,199**
Cash and cash equivalents	19	**71**	**87**
Total current assets		**9,116**	**11,387**
Total assets		**15,892**	**18,544**
Called up share capital	17	**2,389**	**2,389**
Share premium account	18	**2,348**	**2,348**
Other reserves	18	**3,000**	**3,000**
Accumulated losses	18	**(14,984)**	**(14,992)**
Total deficit		**(7,247)**	**(7,255)**
Borrowings	14	**1,103**	**162**
Deferred tax liability	16	**-**	**-**
Pension scheme deficit	15	**14,262**	**17,020**
Total non-current liabilities		**15,365**	**17,182**
Trade and other payables	13	**7,737**	**8,568**
Borrowings	14	**37**	**49**
Total current liabilities		**7,774**	**8,617**
Total liabilities		**23,139**	**25,799**
Total equity and liabilities		**15,892**	**18,544**

The financial statements on pages 13 to 44 were approved and authorised for issue by the board of directors on 23 December 2020 and signed on its behalf by

Directors

A Lisanti T.Dallaway
23 December 2020
Company Registration Number: 1277785. The notes on pages 18 to 44 form part of these financial statements. The independent auditors' report on the financial statements is on pages 10 to 12.

Airsprung Group PLC

Consolidated cash flow statement for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Loss before tax		(2,655)	(2,594)
Adjustments for:			
Depreciation		463	463
Amortisation and impairment		-	-
Interest expense		496	466
Past service cost		-	203
Contributions to defined benefit pension scheme		(549)	(604)
Profit on sale of property, plant and equipment		(2)	(22)
Operating cash flows before movements in working capital		(2,247)	(2,088)
Decrease/(increase) in inventories		264	(245)
Decrease in receivables		1,991	261
(Decrease)/increase in payables		(1,235)	1,304
Cash (used in) operations		(1,227)	(768)
Taxation received		-	-
Interest paid		(77)	(35)
Net cash used in operating activities		(1,304)	(803)
Investing activities			
Proceeds on disposal of property, plant and equipment		2	22
Purchase of property, plant and equipment		(47)	(375)
Net cash used in from investing activities		(45)	(353)
Financing activities			
Loan received		1,000	-
Repayment of loan		-	-
Payment of finance lease liabilities		(71)	112
Net cash generated from financing activities		929	112
Net decrease in cash and cash equivalents		(420)	(1,044)
Cash and cash equivalents at beginning of year		(568)	476
Cash and cash equivalents at end of year		(988)	(568)

Airsprung Group PLC

Consolidated statement of changes in equity for the year ended 31 March 2020

	Called up share capital	Share premium account	Share option reserve	Other reserves	Accumulated losses	Total equity
	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2018	2,389	2,348	-	3,000	(12,039)	(4,302)
Dividends	-	-	-	-	-	-
Loss for the financial year	-	-	-	-	(2,161)	(2,161)
Actuarial loss on defined benefit pension scheme	-	-	-	-	(92)	(92)
Movement on deferred tax asset relating to pension scheme	-	-	-	-	(700)	(700)
Total comprehensive income for the year	-	-	-	-	(2,953)	(2,953)
Balance as at 31 March 2019	2,389	2,348	-	3,000	(14,992)	(7,255)
Balance as at 1 April 2019	2,389	2,348	-	3,000	(14,992)	(7,255)
Dividends	-	-	-	-	-	-
Loss for the financial year	-	-	-	-	(2,620)	(2,620)
Actuarial gain on defined benefit pension scheme	-	-	-	-	2,628	2,628
Movement on deferred tax asset relating to pension scheme	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	8	8
Balance as at 31 March 2020	**2,389**	**2,348**	**-**	**3,000**	**(14,984)**	**(7,247)**

Notes to the financial statements for the year ended 31 March 2020

General information

The company is a public limited company incorporated and domiciled in England. The address of its registered office is Canal Road, Trowbridge, Wiltshire BA14 8RQ.

1. Basis of preparation

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies have been applied consistently throughout the year.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the fair value of share based payments and financial assets and financial liabilities at fair value through the income statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.18.

Although these estimates are based on management's best knowledge of the amount, event or actions, the actual results ultimately may differ from those estimates. A summary of the more important Group accounting policies is set out below.

2. Accounting policies

2.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Airsprung Group PLC and its subsidiaries.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2.1 Basis of consolidation (continued)

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

2.2. Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, allowances and value added tax. Revenue is recognised in line with IFRS 15.

Sales of goods and services are recognised on delivery when the risks and rewards of ownership pass to the customer.

2.3. Foreign currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's presentation currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Continued exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

2.4. Pension costs

2.4.1. Defined Benefit Scheme

The defined benefit scheme previously operated by the Group closed to future accrual on 31 May 2006. For this scheme the amounts charged to operating profit are gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income statement if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost, calculated based on the net pension asset or liability multiplied by the discount rate, is shown as a net amount of other finance costs or credits.

Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet.

2.4.2. Defined Contribution Scheme

The Group operates defined contribution schemes for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

2.5. Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and has established provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred corporation tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and tax losses, to the extent that they are regarded as recoverable. They are regarded as recoverable where, on the basis of available evidence, there will be suitable taxable profits against which the future reversal of the underlying temporary differences can be deducted. The carrying value of the amount of deferred tax assets is reviewed as at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

Deferred corporation tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the balance sheet date.

2.6. Property, plant and equipment

Property, plant and equipment are held at cost or deemed cost, net of depreciation less any provision for impairment. Costs include the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use, including any qualifying finance costs. Depreciation is provided by the straight line method at rates calculated to write off the cost of the assets, other than freehold land, less their estimated residual value over their expected useful lives:

Freehold land:	Nil
Freehold buildings:	2½% per annum
Plant and equipment:	10% to 33⅓% per annum

2.7. Impairment of non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its non-current 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.

The 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 risk 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.7 Impairment of non-current assets (continued)

Other than impairment of goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2.8. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost on a first-in, first-out basis comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision has been made, where required, for slow moving, obsolete and defective stock.

2.9. Trade receivables

Trade receivables arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Trade receivables are initially recorded at invoiced value and subsequently remeasured at invoiced value, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement. Impairment of receivables is calculated in line with IFRS 9.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

2.10. Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

2.11. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction

2.12 Borrowings (continued)

costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.13. Segmental reporting

An operating segment is defined as a component of the entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about the resources to be allocated to the segment and assesses its performance;
- for which discrete financial information is available.

The board of directors has been identified as the CODM. The Group's management information system produces reports for the board, grouping financial performance under the following business areas:

- beds
- other activities

2.14. New standards and interpretations

New standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

- IFRS 16 'Leases", effective for accounting periods beginning or after 1 January 2020

The impact of IFRS 16 on the Group is being assessed but is not expected to be significant.

2.15. Equity instruments

Share capital is determined using the nominal value of shares that have been issued. Dividends are included in current liabilities when the dividends are approved in the general meeting prior to the balance sheet date.

2.16. Intangible assets

Intangible assets include brand names and customer lists that qualify for recognition as an intangible asset in a business combination. They are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives as these assets are considered finite. Intangible assets are amortised over a period of up to ten years. Amortisation has been included within the administrative costs in the income statement.

Notes to the financial statements for the year ended 31 March 2020 (continued)

2.17. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

2.18. Judgements and estimates

The key areas that require management to make difficult, subjective or complex judgements and estimates about matters that are inherently uncertain are: the assumptions used to calculate the defined benefit pension scheme deficit (see note 15); the recognition of a deferred tax asset (see note 16) and; the recognition of goodwill and intangibles (see note 9). Management bases its estimates on historical experience and other assumptions that it believes reasonable. Actual results could differ from estimates used in employing the critical accounting policies and these could have a material impact on the results.

2.19. Capital maintenance

The Group's objectives when managing capital are: to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

2.20. Going concern

The directors have considered the current COVID-19 pandemic as well as the potential challenges that may arise from BREXIT. These challenges could impact consumer demand, the supply chain, and the ability of the company to manufacture. The directors are satisfied that the business model has demonstrated its ability to operate in such situations, and consider that it is well placed to deal with these potential challenges. They have prepared forecasts which demonstrate the group has sufficient headroom within the current facilities to deal with a reasonable level of unforeseen events. The directors are satisfied it is reasonable to expect continued support from key stakeholders, including the investors, bank and pension fund. Therefore the directors have prepared the financial statements on a going concern basis.

3. Revenue

Our management information system produces reports for the Board grouping financial performance under the following business areas:

- beds
- other activities

The business areas have been split into two reportable operating segments, namely beds and other activities. Included within the beds operating segment are products sold under the trade names Airsprung Beds, Gainsborough, Hush and Hush-a-Bye Beds. Other activities include products sold under the Cavendish Upholstery, Collins & Hayes, Airofreem, Swanglen Furnishings and Arena Design trade names.

3.1. Revenue

The following revenue information is based on the products sold to customers:

	2020 £000	2019 £000
Beds	28,063	31,061
Other activities	5,241	5,568
Revenue per consolidated income statement	33,304	36,629

(Loss)/profit before tax per consolidated income statement

The following profit information is based on products sold to customers and their associated costs:

	2020 £000	2019 £000
Beds	(1,996)	(1,920)
Other activities	(122)	118
	(2,118)	(1,802)

Reconciliation of adjusted profit before tax from the segmented reporting provided above to loss before tax in the consolidated statement of comprehensive income:

	2020 £000	2019 £000
Adjusted (loss) before tax per reportable segments	(2,118)	(1,802)
Central charges	(537)	(792)
Loss before tax per consolidated income statement	(2,655)	(2,594)

3.2. Segment assets and liabilities

The entity reports total assets to its Chief Operating Decision Maker. The entities' total assets and liabilities are not split between those allocated to beds and those allocated to other activities. As such, information regarding these total assets has already been disclosed in the financial statements.

Notes to the financial statements for the year ended 31 March 2020 (continued)

3.3. Major customers

During the year there were 2 customers (2019: 2) who comprised 10% or more of revenue:

	2020 £000	2019 £000
Major customer 1	13,401	16,019
Major customer 2	5,495	6,116
	18,896	22,135

3.4. Geographical information

The following table provides an analysis of the Group's revenue by geographical market.

	2020 £000	2019 £000
United Kingdom	32,892	36,539
Rest of the world	412	90
	33,304	36,629

All assets are located within the United Kingdom.

4. Operating costs

Net operating costs are analysed as follows:

	2020 £000	2019 £000
Distribution costs	4,540	5,295
Administration costs	3,215	3,407
Other income	(29)	(52)
	7,726	8,650

5. Operating loss

	2020 £000	2019 £000
Operating loss is stated after charging/(crediting):		
Auditors' remuneration for:		
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	20	19
Fees payable to the company's auditors for other services: the audit of the company's subsidiaries	35	30
Fees payable to the company's auditors for non-audit services	-	18
Depreciation of owned assets	423	442
Depreciation of leased assets	40	22
Profit on disposal of fixed asset	(2)	(22)
Directors' emoluments excluding pension contributions	368	353
Operating lease rentals:		
Vehicles and other operating leases	73	148

6. Employee information

	2020 Number	2019 Number
a) The monthly average number of employees, including executive directors, was:		
Production	346	351
Distribution	28	27
Administration	83	83
	457	461

6. Employee information (continued)

b) Employment costs, including executive directors:	2020 £000	2019 £000
Wages and salaries	10,128	10,229
Social security costs	845	858
Other pension costs	935	810
	11,908	11,897
Company pension contribution to defined contribution pension scheme	249	198

The highest paid director received remuneration (including salary and benefits in kind) of £208,000 (2019: £199,000) and a company pension contribution to a defined contribution pension scheme of £nil (2019: £13,000).

7. Finance income and finance costs

	2020	2019
	£000	£000
Finance costs		
Finance costs	(6)	(7)
Interest charge on pension scheme liability	(419)	(431)
Other interest charges	(71)	(28)
Finance costs	(496)	(466)

8. Income tax

a) Analysis of charge in the year:

	2020 £000	2019 £000
The charge is made up as follows:		
Current tax		
UK corporation tax at 19% (2019: 19%)	-	-
Total current tax charge	-	-
Deferred tax		
Current year	-	(485)
Prior year	-	1
Effect of change in tax rate	(35)	51
Total deferred tax (credit)	(35)	(433)
Tax (credit) on profit on ordinary activities	(35)	(433)

b) Factors affecting tax charge for the year

The rate of current tax charge on profit on ordinary activities varied from the standard rate of corporation tax in the UK due to the following factors:

UK standard corporation tax rate	2020 £000	2019 £000
Loss before tax due to continuing and discontinuing operations	(2,655)	(2,594)
Tax at the standard UK rate	(504)	(493)
Expenses not deductible for tax purposes	13	13
Effect of reduction in tax rates	(35)	51
Deferred tax not recognised	491	-
Utilisation of previously unrecognised deferred tax	-	(5)
Prior year adjustment	-	1
Total taxation (continuing operations)	(35)	(433)

No taxation was attributable to discontinued operations during the period.

8. Income tax (continued)

c) Factors that may affect future tax changes:

The UK main corporation tax rate was increased from the previously advised 17% to 19% with effect from 1 April 2020. The relevant deferred tax balances have been re-measured accordingly.

9. Intangible assets

	Goodwill £000	Intangible Assets £000	Total £000
Cost at 1 April 2018	100	170	270
Provision	-	-	-
Cost at 1 April 2019	100	170	270
Additions	-	-	-
Provision	-	-	-
Cost at 31 March 2020	**100**	**170**	**270**
Accumulated amortisation at 1 April 2018	-	170	170
Charge for the year	-	-	-
Provision	-	-	-
Accumulated amortisation at 1 April 2019	-	170	170
Charge for the year	-	-	-
Provision	-	-	-
Accumulated amortisation at 31 March 2020	**-**	**170**	**170**
Net book value			
at 31 March 2020	**100**	**-**	**100**
at 31 March 2019	100	-	100
at 31 March 2018	100	-	100

10. Property, plant and equipment

	Freehold land and buildings	Leasehold Buildings	Plant and equipment	Total
	£000	£000	£000	£000
Cost at 1 April 2018	8,833	-	13,271	22,104
Additions	-	-	375	375
Disposals	-	-	(1,888)	(1,888)
Cost at 1 April 2019	8,833	-	11,758	20,591
Additions	-	-	47	47
Disposals	-	-	-	-
Cost at 31 March 2020	**8,833**	**-**	**11,805**	**20,638**
Accumulated depreciation at 1 April 2018	3,208	-	12,043	15,251
Charge for the year	179	-	284	463
Disposals	-	-	(1,888)	(1,888)
Accumulated depreciation at 1 April 2019	3,387	-	10,439	13,826
Charge for the year	179	-	284	463
Disposals	-	-	-	-
Accumulated depreciation at 31 March 2020	**3,566**	**-**	**10,723**	**14,289**
Net book value				
at 31 March 2020	**5,267**	**-**	**1,082**	**6,349**
at 31 March 2019	5,446	-	1,319	6,765
at 31 March 2018	5,625	-	1,228	6,853

At 31 March 2020 the net book value of plant and equipment includes £211,000 (2019: £251,000) in respect of assets held under finance leases and similar hire purchase contracts.

Cost or valuation of freehold land and buildings includes £4,945,000 in respect of properties which were professionally valued on an open market existing use basis as at 1 April 1997. The valuation was undertaken by Alder King in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The valuation was deemed to be cost on conversion of the financial statements to IFRS.

Notes to the financial statements for the year ended 31 March 2020 (continued)

11. Inventories

	2020 £000	2019 £000
Raw materials	2,131	2,258
Work-in-progress	335	316
Finished goods	371	527
	2,837	3,101

The cost of inventory which has been taken to the income statement is £20.6 million (2019: £23.7 million).

12. Trade and other receivables

	2020 £000	2019 £000
Trade receivables	5,497	7,676
Less provisions for impairment	(295)	(301)
Trade receivables – net	5,202	7,375
Prepayments and accrued income	920	738
Corporation tax	86	86
	6,208	8,199

12.1. Ageing of receivables

The Group regularly reviews the ageing profile of trade receivables and actively seeks to collect any amounts that have fallen outside the defined credit terms. The Group provides, in full, for any debts it believes have become non-recoverable.

The ageing of trade receivables at 31 March 2020 is detailed below:

	2020 £000	2019 £000
Current	5,202	7,295
Up to 90 days overdue	-	80
Past 91 days overdue	-	-
	5,202	7,375

All provided debt is past 91 days overdue.

13. Trade and other payables

	2020 £000	2019 £000
Overdraft	1,059	655
Trade payables	3,177	4,562
Corporation tax	82	82
Other taxation and social security	743	800
Accruals and deferred income	2,676	2,469
	7,737	8,568

14. Borrowings

	2020 £000	2019 £000
Current		
Bank loan	-	-
Obligations under finance leases	37	49
	37	49
Non-current		
Loan	1,000	-
Obligations under finance leases	103	162
	1,103	162

Notes to the financial statements for the year ended 31 March 2020 (continued)

14. Borrowings (continued)

a) Supplier invoice discounting facility

Airsprung Furniture Limited uses uncommitted Supplier Invoice discounting facility. The facility is available based on 85% of qualifying debtors, up to £3 million, to fund the working capital needs of the business. Interest is charged based on the GBP 3 month LIBOR plus 1%. At 31 March 2020 £769,000 (2019:£709,000) had been drawn down on the facility.

b) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

c) Loan

HMP Limited, a related party, provided a £1million loan for the general cash flow requirements and ongoing investment in the business in May 2019 at an interest rate of 6%. The loan is committed for a three year term. The facility was fully drawn down during the course of the year.

15. Pensions

The Group operates a funded group pension scheme, established under trust, providing defined benefits based on final salary. The scheme was closed to all future accrual on 31 May 2006. The assets of the scheme are held separately from those of the Group. BlackRock Investment Management (UK) Limited, Standard Life Global Absolute Return Strategies, Fidelity Institutional Real Estate Fund, Legal and General Investment Management and Aviva Investors Jersey Unit Trust act as investment managers to the Trustees of the scheme. The latest actuarial valuation of the scheme was carried out as at 31 March 2017. The independent scheme Actuary valued the scheme using the projected unit method.

A market-consistent approach for valuing assets and liabilities was adopted. The principal assumptions used in the valuation were:

Pre-retirement discount rate: 4.30%

Post-retirement discount rate: 2.90%

Pension increases: 2.10% - 5.00%

The value of the liabilities of £36.2 million exceeds the market value of the assets of £21.3 million, which on an ongoing basis means that the funding level is 59%.

The employer contributions for the year to 31 March 2020 was £549,000 (2019: £604,000).The next actuarial valuation is due as at 1 April 2020.

To produce these statements, the full valuation of the Airsprung Retirement and Death Benefits Plan as at 1 April 2017 was updated to 31 March 2020 by the Actuary.

The major assumptions used by the Actuary were:

	31 March 2020	31 March 2019
	%	%
Rate of increase in pensions in payment	2.60	3.15
Discount rate	2.45	2.50
Inflation RPI	2.60	3.25
Inflation CPI	1.08	2.05

15. Pensions (continued)

Life expectancy assumptions in line with S3PMA “Heavy” tables with 100% scaling for males and S3PFA “Middle” tables with 100% scaling for females. CMI 2019 future improvements subject to a long term rate of 1.25% p.a. and a smoothing parameter of 7 and ‘A’ factor of 0.25%.

The assets of the scheme were:

	31 March 2020 £m	31 March 2019 £m
Target return fund assets	**20.2**	**20.9**
Cash and insured pensions	**0.6**	**0.6**
	20.8	**21.5**

Notes to the financial statements for the year ended 31 March 2020 (continued)

15 Pensions (continued)

The following amounts were measured in accordance with the requirements of IAS 19:

	2020 £000	2019 £000
Total market value of assets	**20,838**	**21,461**
Present value of scheme liabilities	**(35,100)**	**(38,481)**
Recognised deferred tax asset	**-**	**-**
Deficit in scheme	**(14,262)**	**(17,020)**

Total funds as a result of recognition in the financial statements were:

	2020 £000	2019 £000
Net assets		
Total funds excluding pension deficit	**7,015**	9,765
Pension deficit	**(14,262)**	(17,020)
Total funds including pension deficit	**(7,247)**	(7,255)
Reserves		
Retained earnings excluding pension deficit	**(722)**	2,028
Pension deficit	**(14,262)**	(17,020)
Accumulated losses including pension deficit	**(14,984)**	(14,992)

15 Pensions (continued)

Charge to the financial statements:

	2020	2019
	£000	£000
Operating charge:		
Current service cost	-	-
Past service cost	-	(203)
Administration cost	-	-
Gains and losses on any settlements or curtailments	-	-
	-	(203)
Pension finance costs:		
Interest income on pension scheme assets	527	539
Interest charge on pension scheme liabilities	(946)	(970)
Total charge:	(419)	(431)

15 Pensions (continued)

	2020 £000	2019 £000
Obligations		
at 1 April	38,481	37,950
Interest cost on pension scheme liabilities	946	970
Past service costs	-	203
Benefits paid	(1,312)	(1,268)
Actuarial (gain)/loss on obligation	(3,015)	626
at 31 March	35,100	38,481
Plan assets		
at 1 April	21,461	21,052
Interest income on pension scheme assets	527	539
Employer Contributions	549	604
Benefits paid	(1,312)	(1,268)
Actuarial (loss)/gain on plan assets	(387)	534
at 31 March	20,838	21,461
Movements in deficit		
at 1 April	(17,020)	(16,898)
Employer Contributions	549	604
Past service cost	-	(203)
Other financial costs	(419)	(431)
Actuarial gain/(loss)	2,628	(92)
at 31 March	(14,262)	(17,020)

16. Deferred tax (asset)/liability

	2020 £000	2019 £000
Property, plant and equipment temporary differences	392	351
Losses	(517)	(462)
Other temporary differences	(202)	(181)
Total deferred tax liability	(327)	(292)
Net deferred tax	(327)	(292)
at 1 April	(292)	141
Transfer from income statement	(35)	(433)
at 31 March	(327)	(292)

Of the temporary difference of £2,709,000 (2019: £2,914,000) in respect of the IAS 19 pension deficit £nil (2019: £nil) has been recognised and the balance of £2,709,000 (2019: £2,914,000) was unrecognised. Losses of £nil (2019: £nil) were also unrecognised.

Deferred tax amounts are all payable beyond 12 months of the financial year end.

17. Called up share capital

	Issued and fully paid	
	Number	£000
Ordinary shares of 10p each at 31 March 2019 and 31 March 2020	23,888,698	2,389

Authorised share capital is £4 million.

18. Share premium account and other reserves

	Share premium account £000	Other reserves £000	Accumulated losses £000
at 1 April 2019	2,348	3,000	(14,992)
Total comprehensive income	-	-	8
at 31 March 2020	2,348	3,000	(14,984)

19. Cash and cash equivalents

	2020 £000	**2019 £000**
Cash at bank and in hand	**71**	**87**

Bank balances and cash comprise cash held by the Group and the carrying value of these assets approximates to their fair value.

20. Financial instruments

The Group's financial instruments comprise borrowings, cash and various items that arise directly from its operations. The Group's operations are funded by cash generated from operating activities. The risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and credit risk.

The interest rate on all borrowings is variable. As the Group predominantly trades in sterling, exposure to foreign currency risk is minimal. Foreign currency transactions are settled at the daily spot rate where no forward contracts are in place. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

a) Cash at bank and in hand

	2020 £000	**2019 £000**
Cash at bank and in hand	**71**	**87**

Cash at bank and in hand is held in sterling and earns interest at 0% (2019: 0.25% below the bank base rate).

Notes to the financial statements for the year ended 31 March 2020 (continued)

20 Financial instruments (continued)

b) Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term payables such as trade payables and accruals at 31 March was as follows:

	Debt	Finance leases	**2020 Total**	Debt	Finance leases	**2019 Total**
	£000	£000	**£000**	£000	£000	**£000**
Within one year, or on demand	-	37	**37**	-	49	**49**
Between 1 and 2 years	1,000	103	**1,103**	-	162	**162**
Between 2 and 5 years	-	-	**-**	-	-	**-**
	1,000	140	**1,140**	-	211	**211**

The Group has an overdraft facility available at 31 March 2020 of £1.25 million (2019: £1.25million), secured on certain elements of the Group's property. The security is of a floating nature and is formally reviewed in December.

The banking facilities of the company and its subsidiaries are cross guaranteed.

c) Fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments.

Secured loans

As the loans are floating rate borrowings, amortised cost is deemed to reflect fair value.

Trade and other receivables/payables

As the majority of receivables/payables have a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

d) Foreign Currency risk

The Group is exposed to transaction and translation foreign risk, in relation to the euro and US dollar.

Approximately 8% (2019: 9%) of the purchases made by the Group during the year to 31 March 2020 were from overseas suppliers. Foreign exchange differences on the conversion of these balances are taken to the income statement of the Group companies and the Group.

At 31 March 2020 the Group companies had monetary assets in Euros and US dollars of £61,000 (2019: £58,000). Exchange differences on retranslation of these assets are taken to the income statement of the Group companies and the Group.

A 5% change in the euro and US dollar exchange rates would impact the income statement by approximately £82,000 (2019: £137,000).

20 Financial instruments (continued)

e) Credit risk

The Group monitors credit risk closely and considers its current policies of credit checks meet its objectives of managing exposure to credit risk.

The aging of receivables is shown in note 12.1.

f) *Interest rate risk*

The Group does not undertake any hedging activity in this area. The Group's interest rate risk primarily arises from its supplier discounting facilities and long-term borrowings.

The borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2019 and 2020, the Group's borrowings at variable rate were denominated in Sterling. The group monitors its exposure to interest rate risk to ensure that it is reasonable.

At the year end the Group is exposed to interest rate fluctuations although the Group held net funds of £71,000 (2019: £87,000). A 1% movement in interest rates would impact the interest receipt by £1,000 (2019: £5,000).

g) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its available Supplier invoice discounting facilities (note 14) at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

21. Financial assets and liabilities

Classification of the Group's financial instruments is as below:

	Loans and receivables £000	Non-financial assets £000	Total £000
Financial assets at 31 March 2020			
Cash and cash equivalents	**71**	**-**	**71**
Trade and other receivables	**5,202**	**920**	**6,122**
Total	**5,273**	**920**	**6,193**

	Financial liabilities at amortised costs £000	Liabilities not within scope of IFRS 9 £000	Total £000
Financial liabilities at 31 March 2020			
Trade and other payables	**3,177**	**2,676**	**5,853**
Long term borrowings – current	**-**	**-**	**-**
Finance lease liability – current	**-**	**37**	**37**
Long term borrowings – non current	**1,000**	**-**	**1,000**
Finance lease liability - non current	**-**	**103**	**103**
Taxes payable	**-**	**743**	**743**
Total	**4,177**	**3,559**	**7,736**

	Loans and receivables £000	Non-financial assets £000	Total £000
Financial assets at 31 March 2019			
Cash and cash equivalents	87	-	87
Trade and other receivables	7,375	738	8,113
Total	7,462	738	8,200

	Financial liabilities at amortised costs £000	Liabilities not within scope of IFRS 9 £000	Total £000
Financial liabilities at 31 March 2019			
Trade and other payables	4,562	2,469	7,031
Long term borrowings – current	-	-	-
Finance lease liability – current	-	49	49
Long term borrowings - non current			
Finance lease liability - non current	-	162	162
Taxes payable	-	800	800
Total	4,562	3,480	8,042

22. Related party disclosures

During the year a loan of £nil (2019: £nil) was made to Portnard Limited. Portnard Limited repaid £60,000 (2019: £440,000) of the loan during the year. As at 31 March 2020 £nil (2019: £60,000) was outstanding.

During the year Portnard Limited loaned to the Group £195,000 (2019; £500,000). As at 31 March 2020 £635,000 (2019: £500,000) was outstanding.

During the year HMP Limited, a related party lent the Group £1,000,000. The term of the facility is three years with an interest rate of 6%. The loan is secured against part of the Group's property portfolio.

The Group made sales to Anglia Home Furnishings Limited, a related party, of £1,332,000 (2019: £767,000). Sales made to Beale Limited, a former related party, of £nil (2019: £203,000) up until it ceased being a related party. As at 31 March 2020 £889,000 was outstanding from Anglia Home Furnishings Limited. Subsequent to the year end this balance was fully settled.

Any other transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Detail of remuneration paid to the directors is shown in note 6.

23. Operating lease commitments

The Group leases various premises under non-cancellable operating lease agreements. The lease terms are up to 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group leases various plant and machinery under cancellable operating lease agreements. The lease expenditure charged to the income statement during the year is disclosed in note 5.

	2020	2019
	£000	£000
The future aggregate minimum lease payments under non-cancellable operating leases as follows:		
No later than 1 year	**83**	**83**
Later than 1 year and no later than 5 years	**119**	**113**
Later than 5 years	**-**	**-**
	202	**196**

24. Ultimate parent undertaking and controlling party and subsidiary undertakings

The immediate parent undertaking and ultimate parent undertaking is Portnard limited a company incorporated in Jersey.

Airsprung Group PLC is the parent undertaking of the largest group of undertakings to consolidate these financial statements.

The following are subsidiary companies of Airsprung Group PLC as at 31 March 2020. Unless otherwise stated, all the below companies are owned 100% by Airsprung Group PLC (either directly or indirectly). All companies below are incorporated in the United Kingdom and have the same registered address as the Group. Unless otherwise stated, all share types below are vote-carrying.

Company Name	Principal Activity	Share Type(s) Held
Airofreem Limited	Dormant	Ordinary
Airsprung Beds Limited	Dormant	Ordinary
Airsprung Furniture limited	Bed and furniture manufacturing	Ordinary
Airsprung Limited	Dormant	Ordinary
Airsprung Property Limited	Dormant	Ordinary
Airsprung Scotland Limited	Dormant	Ordinary
Arena Design Associates Limited	Dormant	Ordinary
Bymacks Limited	Dormant	Ordinary
Casterbridge Furniture Limited	Dormant	Ordinary
Cavendish Upholstery Limited	Dormant	Ordinary
Dreamnight Limited	Dormant	Ordinary
Fitex Products Limited	Dormant	Ordinary
Flametex Fillings Limited	Dormant	Ordinary
Gainsborough Limited	Dormant	Ordinary
Gimson & Slater Limited	Dormant	Ordinary
Hush Sleep Collection Limited	Dormant	Ordinary
Intasco Limited	Dormant	Ordinary
Mensaco Limited	Dormant	Ordinary
Nocturne Limited	Dormant	Ordinary
Sleepmaker Beds Limited	Dormant	Ordinary
Springmaster Limited	Dormant	Ordinary
Sprung Foam Limited	Dormant	Ordinary
Swanglen Furnishings Limited	Dormant	Ordinary
United Bedding Corporation Limited	Dormant	Ordinary
Warwick Upholstery Company Limited	Dormant	Ordinary

25. New standards and interpretations

New standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

- IFRS 16 'Leases", effective for accounting periods beginning or after 1 January 2020

The impact of IFRS 16 on the Group is being assessed but is not expected to be significant.

Airsprung Group PLC

Company financial statements

Independent auditors' report to the members of Airsprung Group plc
Report on the audit of the parent company financial statements

Opinion

We have audited the parent company financial statements, included within the Annual report and financial statements (the "Annual Report") of Airsprung Group plc (the 'company'), for the year ended 31 March 2020 which comprise the company balance sheet and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020;
- 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you 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 about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 the 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 a material misstatement in the financial statements or a material misstatement of 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 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.

Matters on which we are required to report by exception

In the light of our 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 and 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 4, 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 parent 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 parent 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.

A further description of our responsibilities for the audit of the 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.

Independent auditors' report to the members of Airsprung Group plc
Report on the audit of the parent company financial statements (continued)

Use of our report

This report is made solely to the parent 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 parent 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.

Other matter

We have reported separately on the group financial statements of Airsprung Group plc for the year ended 31 March 2020.

Bishop Fleming LLP

John Talbot (Senior Statutory Auditor)
for and on behalf of Bishop Fleming LLP
Chartered Accountants and Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

23 December 2020

Airsprung Group PLC

Company balance sheet
as at 31 March 2020

	Note	2020 £000	2019 £000
Tangible assets	3	3	5
Investments	4	1,005	1,005
		1,008	1,010
Current assets			
Debtors	5	7,419	5,562
Cash at bank and in hand		1,851	2,079
		9,270	7,641
Creditors: amounts falling due within one year	6	(1,305)	(1,089)
Net current assets		7,965	6,552
Total assets less current liabilities		8,973	7,562
Financed by			
Borrowings		1,000	-
Pension and similar obligations	7	14,262	17,020
		15,262	17,020
Capital and reserves			
Called up share capital	9	2,389	2,389
Share premium account	10	2,348	2,348
Capital redemption reserve	10	3,000	3,000
Profit and loss account	10	(14,026)	(17,195)
Total shareholders' deficit		(6,289)	(9,458)
		8,973	7,562

The profit attributable to members of the parent company is £541,000 (2019: £333,000).

The financial statements on pages 49 to 56 were approved and authorised for issue by the board on 23 December 2020 and signed on its behalf by:

A Lisanti
Company registered number: 1277785

T Dallaway

Notes to the company financial statements for the year ended 31 March 2020

1. Accounting policies

1.1. Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.
These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.
The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. As a consolidated statement of comprehensive income is published, a profit and loss account for the parent company is omitted as permitted by section 408 of the Companies Act 2006.

Exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:
(i) the requirement to prepare a statement of cash flows;
(ii) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
(iii) the requirement to disclose related party transactions, with the members of the same group, that are wholly owned;

1.2. Turnover

Turnover is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, allowances and value added tax.

Sales of goods and services are recognised on delivery when the risks and rewards of ownership pass to the customer.

1.3. Tangible fixed assets and depreciation

Tangible fixed assets are carried at historical cost less accumulated depreciation. The company has elected to take the FRS 102 transition exemption allowing property previously valued under UK GAAP to remain at that previous valuation at the transition date. Historical cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost or amount of the valuation of fixed assets less the estimated residual value by equal instalments over the estimated useful lives of the assets at the following principal annual rates:

Plant and equipment: 10% to 20%

Computer equipment: 33⅓%

1.4. Leases

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and the lease term.

Notes to the company financial statements for the year ended 31 March 2020 (continued)

1.4. Leases (continued)

Future instalments under such leases, net of finance charges, are included within creditors. Instalments paid are apportioned between finance charges, charged to the profit and loss account as interest, and capital deducted from obligations. All other leases are treated as operating leases and are charged to the profit and loss account on a straight line basis.

The commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset.

1.5. Deferred tax

Deferred tax is recognised in respect of 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 and/or 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 in accordance with FRS 102.

1.6. Pensions

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

1. Accounting policies (continued)

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

1.7. Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

1.8. Going concern

When considering the going concern of the parent company, the directors' assessment is performed considering the consolidated group as a whole as the following policy outlines. The directors have considered the current COVID-19 pandemic as well as the potential challenges that may arise from BREXIT. These challenges could impact consumer demand, the supply chain, and the ability to manufacture. The directors are satisfied that the business model has demonstrated its ability to operate in such situations, and consider that it is well placed to deal with these potential challenges. They have prepared forecasts which demonstrate there is sufficient headroom within the current facilities to deal with a reasonable level of unforeseen events. The directors are satisfied it is reasonable to expect continued support from key stakeholders, including the investors, bank and pension fund. Therefore the directors have prepared the financial statements on a going concern basis.

2. Profit attributable to members of the parent company

The profit attributable to members of the parent company is £541,000 (2019: £333,000).

See Group note 5, page 26 for details of the remuneration paid to the auditors. Directors remuneration is disclosed in Group note 6, page 27.

Notes to the company financial statements for the year ended 31 March 2020 (continued)

3. Tangible assets

	Plant and equipment £000
Cost or valuation	
at 1 April 2019	277
Additions	-
at 31 March 2020	277
Accumulated Depreciation	
at 1 April 2019	272
Charge for year	2
at 31 March 2020	274
Net book value	
at 31 March 2020	3
at 31 March 2019	5

Notes to the company financial statements for the year ended 31 March 2020 (continued)

4. Investments

	2020 £000	2019 £000
Shares in Group companies at 1 April	978	978
Loans to Group companies	27	27
	1,005	1,005

The principal trading subsidiary is Airsprung Furniture Limited. The company holds 100% of the issued ordinary share capital of Airsprung Furniture Limited. Airsprung Furniture Limited is incorporated in Great Britain and is engaged in the manufacture and sale of furniture.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

5. Debtors

	2020 £000	2019 £000
Trade debtors	8	59
Prepayments and accrued income	172	278
Intercompany balances	7,239	5,225
	7,419	5,562

6. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Related party loan	635	500
Other taxation and social security	80	84
Corporation tax	52	52
Accruals and deferred income	538	453
	1,305	1,089

Notes to the company financial statements for the year ended 31 March 2020 (continued)

7. Pension

See Group note 15 on pages 33 to 37. There are no differences between treatment of the defined benefit scheme under IFRS in the consolidated financial statements compared with FRS 102 in these parent company statements.

8. Provisions for liabilities: deferred tax

Of the temporary difference of £2,709,000 (2019: £2,930,000) in respect of the FRS 102 pension deficit £nil (2019: £nil) has been recognised and the balance of £nil (2019: £2,930,000) was unrecognised.

9. Called up share capital

	Issued and fully paid	
	Number	£000
Ordinary shares of 10p each at 31 March 2019 and 31 March 2020	23,888,698	2,389

10. Share premium account and reserves

	Share premium account	Share option reserve	Capital redemption reserve	Profit and loss account
	£000	£000	£000	£000
at 1 April 2018	2,348	-	3,000	(16,736)
Profit for the financial year	-	-	-	333
Actuarial loss	-	-	-	(92)
Movement on deferred tax asset relating to pension scheme				(700)
at 31 March 2019	**2,348**	**-**	**3,000**	**(17,195)**

	Share premium account	**Share option reserve**	**Capital redemption reserve**	**Profit and loss account**
	£000	**£000**	**£000**	**£000**
at 1 April 2019	**2,348**	**-**	**3,000**	**(17,195)**
Profit for the financial year	**-**	**-**	**-**	**541**
Actuarial gain	**-**	**-**	**-**	**2,628**
Movement on deferred tax asset relating to pension scheme	**-**	**-**	**-**	**-**
at 31 March 2020	**2,348**	**-**	**3,000**	**(14,026)**

11. Related party disclosures

During the year a loan of £nil (2019: £nil) was made to Portnard Limited. Portnard Limited repaid £60,000 (2019: £440,000) of the loan during the year. As at 31 March 2020 £nil (2019: £60,000) was outstanding.

During the year Portnard Limited loaned to the Group £195,000 (2019; £500,000).As at 31 March 2020 £635,000 (2019: £500,000) was outstanding.

During the year HMP Limited, a related party lent the Group £1,000,000. The term of the facility is three years with an interest rate of 6%. The loan is secured against part of the Group's property portfolio.

In accordance with the exemptions available under FRS 102 Section 33 'Related party disclosures', there is no disclosure in these financial statements of transactions between entities that are part of the Group.

Full disclosure of all directly or indirectly owned subsidiaries matches that disclosed in Note 24 of the Consolidated Financial Statements.

12. Incorporation information

The Group is a company incorporated in England. The company is a private company limited by shares.