

**The Royal Crown Derby Porcelain
Company Limited**

Financial Statements

Registered number 03981291

26 May 2018

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Company Information

DIRECTORS

KG Oakes

CK Oakes

REGISTERED OFFICE

194 Osmaston Road

Derby

England

DE23 8JZ

AUDITOR

RSM UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

Statement of Directors' Responsibilities in the preparation of financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Statement of Financial Position

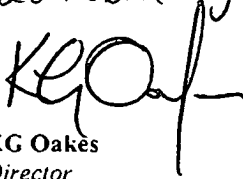
at 26 May 2018

	Note	26 May 2018		31 December 2016	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	4		14		28
Tangible assets	5		161		128
			<u>175</u>		<u>156</u>
Current assets					
Stocks	6	1,598		1,802	
Debtors	7	604		707	
Cash at bank and in hand		206		309	
		<u>2,408</u>		<u>2,818</u>	
Creditors falling due within one year	8	(947)		(765)	
Net current assets			<u>1,461</u>		<u>2,053</u>
Total assets less current liabilities			<u>1,636</u>		<u>2,209</u>
Creditors falling due after more than one year	9		(1,269)		(92)
Net assets			<u>367</u>		<u>2,117</u>
Capital and reserves					
Called up share capital	11		11,050		11,050
Share premium account			2,078		2,078
Profit and loss account			(12,761)		(11,011)
Total equity			<u>367</u>		<u>2,117</u>

The directors of the Company have elected not to include a copy of the Income Statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 3 to 12 were approved by the board of directors and authorised for issue on 28 February 2019 and are signed on its behalf by:

KG Oakes

KG Oakes
Director

Statement of Changes in Equity
for the period ended 26 May 2018

	Called Up Share Capital £000	Share Premium £000	Profit & Loss Account £000	Total £000
Balance at 1 January 2016	10,300	-	(12,748)	(2,448)
Profit for the financial year ended 31 December 2016 and total comprehensive income	-	-	1,737	1,737
Share capital issued	750	-	-	750
Capitalisation of shareholder loan	-	2,078	-	2,078
Balance at 31 December 2016	11,050	2,078	(11,011)	2,117
Profit for the financial period ended 26 May 2018 and total comprehensive income	-	-	(1,750)	(1,750)
Balance at 26 May 2018	11,050	2,078	(12,761)	367

Notes to the Financial Statements

(forming part of the financial statements)

1 Accounting policies

The Royal Crown Derby Porcelain Company Limited (the "Company") is a private company limited by shares and is registered, incorporated and domiciled in England and Wales.

The registered office address of the Company is 194 Osmaston Road, Derby, DE23 8JZ.

1.1 Basis of Accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are presented in sterling which is also the functional currency of the Company.

All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Going concern

The accounts for The Royal Crown Derby Porcelain Company Limited have been prepared on a going concern basis which, in the opinion of the directors, is appropriate for the reasons set out below.

The Company is reliant for its working capital and other funding needs on financing arrangements made available by a company which is controlled by the major shareholder of the Company.

This support has been confirmed in writing for at least 12 months from the approval of the financial statements and has been assessed by considering financial forecasts prepared by the directors. Consequently, the Directors of The Royal Crown Derby Porcelain Company Limited have prepared the accounts on a going concern basis.

1.3 Foreign currency

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

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

1.4 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors

Trade and other debtors (including accrued income) which are receivable within one period and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Notes (continued)

1.4 Financial instruments (continued)

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

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

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- plant and equipment 2 to 20 years
- fixtures and fittings, tools and equipment 2 to 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

1.6 Intangible assets

Goodwill

Goodwill was capitalised and written off evenly over 30 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

Notes (continued)

1.7 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants relating to assets are classified as deferred income and recognised in income over the expected useful life of the asset to which they relate.

1.8 Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

1.9 Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised for goodwill is not reversed. For fixed asset other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

1.10 Retirement benefits

Defined contribution plans

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

1.11 Turnover

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

The Company has only one class of business being the manufacture, distribution and retailing of ceramic tableware, giftware and collectables.

Sale of ceramic tableware, giftware and collectables.

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of ceramic tableware, giftware and collectables are recognised when goods are delivered and legal title has passed and the Company has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer on delivery at the specified location.

Notes (continued)

1.12 Leases

The Company as Lessee – Operating Leases

All leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

1.13 Taxation

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

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

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss.

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

Notes (continued)

2 Directors' remuneration

	73 week period ended 26 May 2018 £000	Year ended 31 December 2016 £000
Directors' emoluments	98	24
Company contributions to money purchase pension scheme	6	1
	<u>104</u>	<u>25</u>

One Director (2016: one) accrued benefits under a defined contribution pension scheme.

3 Employees

	Number of employees 73 week period ended 26 May 2018	Year ended 31 December 2016
The average number of persons employed by the Company (including Directors) during the period was:	<u>131</u>	<u>131</u>

4 Intangible fixed assets

	Goodwill £000	Purchased Computer Software £000	Total £000
Cost			
At beginning and end of period	9,671	29	9,700
	<u>9,671</u>	<u>29</u>	<u>9,700</u>
Amortisation and impairment			
At beginning of period	9,671	1	9,672
Amortisation charge in period	-	14	14
	<u>9,671</u>	<u>15</u>	<u>9,686</u>
At end of period	9,671	15	9,686
	<u>9,671</u>	<u>15</u>	<u>9,686</u>
Carrying amount			
At 26 May 2018	-	14	14
	<u>-</u>	<u>14</u>	<u>14</u>
At 31 December 2016	-	28	28
	<u>-</u>	<u>28</u>	<u>28</u>

Amortisation and impairment charge

The amortisation, impairment charge in the prior period and impairment reversals were recognised in administrative expenses in the Income Statement.

Notes (continued)

5 Tangible fixed assets

	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
<i>Cost</i>			
At beginning of period	1,248	664	1,912
Additions	83	-	83
	<hr/>	<hr/>	<hr/>
At end of period	1,331	664	1,995
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of period	1,155	629	1,784
Charge for period	37	13	50
	<hr/>	<hr/>	<hr/>
At end of period	1,192	642	1,834
	<hr/>	<hr/>	<hr/>
<i>Carrying amount</i>			
At 26 May 2018	139	22	161
	<hr/>	<hr/>	<hr/>
At 31 December 2016	93	35	128
	<hr/>	<hr/>	<hr/>

6 Stocks

	2018 £000	2016 £000
Raw materials and consumables	539	736
Work in progress	417	482
Finished goods and goods for resale	642	584
	<hr/>	<hr/>
	1,598	1,802
	<hr/>	<hr/>

7 Debtors

	2018 £000	31 December 2016 £000
Trade debtors	485	487
Other debtors	44	60
Prepayments and accrued income	75	160
	<hr/>	<hr/>
	604	707
	<hr/>	<hr/>

Notes (continued)

8 Creditors falling due within one period

	31 December	
	2018	2016
	£000	£000
Trade creditors	433	250
Other taxation and social security	188	162
Other creditors	147	187
Accruals and deferred income	179	166
	<u>947</u>	<u>765</u>

9 Creditors falling due in more than one period

	31 December	
	2018	2016
	£000	£000
Other loans	<u>1,269</u>	<u>92</u>

10 Deferred taxation

The movement in deferred taxation during the period was:

	£000
At beginning and end of period	<u>-</u>

The elements of deferred taxation are as follows:

	2018		2016	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and capital allowances	2	-	-	(4)
Other timing differences	-	(1)	-	(1)
Loss carried forward	(2)	(513)	-	(226)
	<u>-</u>	<u>(514)</u>	<u>-</u>	<u>(231)</u>
Deferred tax asset	-	(514)	-	(231)

The deferred tax asset has not been recognised due to uncertainty in respect to the recoverability of the balance.

Notes (continued)

11 Called up share capital

	2018 £000	31 December 2016 £000
<i>Allotted, called up and fully paid</i>		
11,050,000 (2016: 11,050,000) ordinary shares of £1 each	11,050	11,050
2 (2016: 2) ordinary shares of 50p each	-	-
	<u>11,050</u>	<u>11,050</u>

12 Operating leases

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

	2018 £000	2016 £000
<i>Amounts due:</i>		
Within one period	144	144
Between one and five periods	442	478
Over five periods	-	108
	<u>586</u>	<u>730</u>

13 Related Party Transactions

Included within creditors falling due in more than one period is a balance of £1,269,000 (2016: £92,000) owed to a company which is controlled by the owner and company director of the business.

Interest of £103,500 has been charged on this loan during the period and is outstanding at the period end.

The Royal Crown Derby Museum Charitable Trust became a related party of the Company on 14 June 2016. The owner of the Company is a member of key management personnel of The Royal Crown Derby Museum Charitable Trust. During the period, the company has paid £48,000 (2016: £18,667) to and received £42,500 (2016: £17,500) from the related party. As at 26 May 2018 the company was owed £6,917 (2016: £3,250) by the related party.

14 Audit report

As the Income Statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with S444 (5B) of the Companies Act 2006:

- The audit report was unqualified;
- The senior statutory auditor was Anne Lakin; and
- The auditor was RSM UK Audit LLP.