

Company Registration No. 04531825 (England and Wales)

**HIGH GROVE BEDS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

WEDNESDAY



A16 \*A7F9TODD\*  
26/09/2018 #61  
COMPANIES HOUSE

# **HIGH GROVE BEDS LIMITED**

## **COMPANY INFORMATION**

---

<b>Director</b>	Mr. W Ali
<b>Company number</b>	04531825
<b>Registered office</b>	Headlands Road Liversedge West Yorkshire WF15 6QA
<b>Auditor</b>	AMS Accountants Corporate Limited Chartered Accountants Statutory Auditor 2nd Floor 9 Portland Street Manchester M1 3BE

# **HIGH GROVE BEDS LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1
Director's report	2 - 3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

---

# **HIGH GROVE BEDS LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The director presents the strategic report for the year ended 31 December 2017.

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

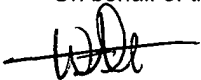
Turnover increased on a pro rata basis by 4% for the year ended 31 December 2017.

### **Net profit margin**

Net profit margins decreased from 15% to 12% for the year ended 31 December 2017.

The director is satisfied with this performance during the year and expects the upward trend of previous years to continue in the future.

On behalf of the board



Mr W Ali  
Director  
21 September 2018

# **HIGH GROVE BEDS LIMITED**

## **DIRECTOR'S REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The director presents his annual report and financial statements for the year ended 31 December 2017.

### **Principal activities**

The principal activity of the company continued to be that of a manufacturer of beds.

### **Director**

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

Mr W Ali

### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £150,000. The director does not recommend payment of a further dividend.

### **Financial instruments**

#### ***Liquidity risk***

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

#### ***Interest rate risk***

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

#### ***Foreign currency risk***

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

#### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### ***Disabled persons***

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

# **HIGH GROVE BEDS LIMITED**

## **DIRECTOR'S REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

### **Auditor**

AMS Accountants Corporate Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of director's responsibilities**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

The director is 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. He is 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 disclosure to auditor**

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

On behalf of the board



Mr W Ali

Director

21 September 2018

# HIGH GROVE BEDS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF HIGH GROVE BEDS LIMITED

---

#### Opinion

We have audited the financial statements of High Grove Beds Limited (the 'company') for the year ended 31 December 2017 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is 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 our audit:

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

# **HIGH GROVE BEDS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF HIGH GROVE BEDS LIMITED**

---

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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.

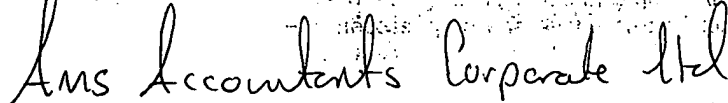
In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



**David Clegg (Senior Statutory Auditor)**  
for and on behalf of AMS Accountants Corporate Limited

21 September 2018

**Chartered Accountants  
Statutory Auditor**

2nd Floor  
9 Portland Street  
Manchester  
M1 3BE



# **HIGH GROVE BEDS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

		Year ended 31 December 2017 £	Year ended 31 December 2016 £
	Notes		
Turnover	3	22,494,226	21,558,557
Cost of sales		(17,618,837)	(15,943,687)
<b>Gross profit</b>		<b>4,875,389</b>	<b>5,614,870</b>
Administrative expenses		(2,352,710)	(2,316,231)
Other operating income		79,182	6,900
<b>Operating profit</b>	4	<b>2,601,861</b>	<b>3,305,539</b>
Interest payable and similar expenses	7	(11,639)	(17,871)
<b>Profit before taxation</b>		<b>2,590,222</b>	<b>3,287,668</b>
Tax on profit	8	(569,710)	(656,239)
<b>Profit for the financial year</b>		<b>2,020,512</b>	<b>2,631,429</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# **HIGH GROVE BEDS LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Profit for the year	2,020,512	2,631,429
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,020,512</u>	<u>2,631,429</u>

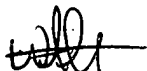
# HIGH GROVE BEDS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	10	7,268,030	2,082,950
Investment properties	11	163,825	5,313,731
		<u>7,431,855</u>	<u>7,396,681</u>
<b>Current assets</b>			
Stocks	13	871,247	642,332
Debtors	14	3,526,574	3,547,753
Cash at bank and in hand		3,185,483	2,224,305
		<u>7,583,304</u>	<u>6,414,390</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(3,601,222)</u>	<u>(3,484,566)</u>
<b>Net current assets</b>		<u>3,982,082</u>	<u>2,929,824</u>
<b>Total assets less current liabilities</b>		<u>11,413,937</u>	<u>10,326,505</u>
<b>Creditors: amounts falling due after more than one year</b>	16	-	(785,768)
<b>Provisions for liabilities</b>	18	(190,424)	(187,834)
<b>Net assets</b>		<u>11,223,513</u>	<u>9,352,903</u>
<b>Capital and reserves</b>			
Called up share capital	21	100	2
Profit and loss reserves		11,223,413	9,352,901
<b>Total equity</b>		<u>11,223,513</u>	<u>9,352,903</u>

The financial statements were approved and signed by the director and authorised for issue on 21 September 2018



Mr W Ali  
Director

Company Registration No. 04531825

# **HIGH GROVE BEDS LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2016</b>		2	6,871,472	6,871,474
<b>Period ended 31 December 2016:</b>				
Profit and total comprehensive income for the period		-	2,631,429	2,631,429
Dividends	9	-	(150,000)	(150,000)
<b>Balance at 31 December 2016</b>		2	9,352,901	9,352,903
<b>Period ended 31 December 2017:</b>				
Profit and total comprehensive income for the period		-	2,020,512	2,020,512
Issue of share capital	21	98	-	98
Dividends	9	-	(150,000)	(150,000)
<b>Balance at 31 December 2017</b>		100	11,223,413	11,223,513

# HIGH GROVE BEDS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	3,170,687		2,540,607	
Interest paid		(11,639)		(17,871)	
Income taxes paid		(671,449)		(372,440)	
<b>Net cash inflow from operating activities</b>		<b>2,487,599</b>		<b>2,150,296</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(841,014)		(1,004,027)	
Proceeds on disposal of tangible fixed assets		118,500		-	
Proceeds on disposal of investment property		238,955		223,709	
<b>Net cash used in investing activities</b>		<b>(483,559)</b>		<b>(780,318)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		98		-	
Repayment of borrowings		-		(3,755)	
Repayment of bank loans		(851,881)		(66,113)	
Dividends paid		(150,000)		(150,000)	
<b>Net cash used in financing activities</b>		<b>(1,001,783)</b>		<b>(219,868)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>1,002,257</b>		<b>1,150,110</b>	
Cash and cash equivalents at beginning of year		2,183,226		1,033,116	
<b>Cash and cash equivalents at end of year</b>		<b>3,185,483</b>		<b>2,183,226</b>	
<b>Relating to:</b>					
Cash at bank and in hand		3,185,483		2,224,305	
Bank overdrafts included in creditors payable within one year		-		(41,079)	

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

#### Company information

High Grove Beds Limited is a private company limited by shares incorporated in England and Wales. The registered office is Headlands Road, Liversedge, West Yorkshire, WF15 6QA.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

#### 1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

#### 1.4 Tangible fixed assets

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

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

Freehold land and buildings	Not depreciated
Plant and equipment	20% and 25% reducing balance

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

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

#### 1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

Due to undue cost and effort, the investment properties have been held at cost which is deemed to be the current fair value of the properties in the view of the director.

#### 1.6 Impairment of fixed assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

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

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

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

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.9 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 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

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

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

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

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

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

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

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

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

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



# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

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

#### **1.10 Equity instruments**

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

#### **1.11 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

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

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

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

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.15 Leases**

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Turnover	22,494,226	21,558,557

	2017 £	2016 £
<b>Other significant revenue</b>		
Rental income arising from investment properties	79,182	6,900

	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
UK	22,494,226	21,558,557

### 4 Operating profit

	2017 £	2016 £
Operating profit for the period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	7,500
Depreciation of owned tangible fixed assets	585,781	520,737
Profit on disposal of tangible fixed assets	(34,360)	-
Profit on disposal of investment property	(103,037)	(87,791)
Cost of stocks recognised as an expense	13,532,211	12,278,838
Operating lease charges	-	180,000

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Employees

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

	2017 Number	2016 Number
Production	267	272
Directors	1	1
	<u>268</u>	<u>273</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,811,471	2,440,574
Social security costs	201,732	153,010
Pension costs	12,147	6,981
	<u>3,025,350</u>	<u>2,600,565</u>

### 6 Director's remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>37,854</u>	<u>26,964</u>

### 7 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>11,639</u>	<u>17,871</u>

### 8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	567,120	671,449
Adjustments in respect of prior periods	-	(50,000)
Total current tax	<u>567,120</u>	<u>621,449</u>

# **HIGH GROVE BEDS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

### **8 Taxation (Continued)**

**Deferred tax**  
Origination and reversal of timing differences

2,590 34,790

Total tax charge

569,710 656,239

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	2,590,222	3,287,668
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	492,142	657,534
Tax effect of expenses that are not deductible in determining taxable profit	54,954	28,098
Permanent capital allowances in excess of depreciation	20,024	(14,183)
Under/(over) provided in prior years	-	(50,000)
Deferred tax adjustments in respect of prior years	2,590	34,790
Taxation charge for the period	569,710	656,239

### **9 Dividends**

	2017 £	2016 £
Final paid	150,000	150,000

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2017	-	3,954,059	3,954,059
Additions	-	841,014	841,014
Disposals	-	(122,385)	(122,385)
Transfer from investment property	5,013,987	-	5,013,987
At 31 December 2017	5,013,987	4,672,688	9,686,675
<b>Depreciation and impairment</b>			
At 1 January 2017	-	1,871,109	1,871,109
Depreciation charged in the year	-	585,781	585,781
Eliminated in respect of disposals	-	(38,245)	(38,245)
At 31 December 2017	-	2,418,645	2,418,645
<b>Carrying amount</b>			
At 31 December 2017	5,013,987	2,254,043	7,268,030
At 31 December 2016	-	2,082,950	2,082,950

### 11 Investment property

	2017 £
<b>Fair value</b>	
At 1 January 2017	5,313,730
Transfers to owner-occupied property	(5,013,987)
Disposals	(135,918)
At 31 December 2017	163,825

The investment properties are stated at historical cost, the directors are of the opinion that there is no material difference between historical cost and open market value.

### 12 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	3,526,574	3,547,753
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,509,790	3,344,333

# **HIGH GROVE BEDS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

### **13 Stocks**

	2017 £	2016 £
Raw materials and consumables	871,247	642,332

### **14 Debtors**

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	3,437,574	3,547,753
Other debtors	89,000	-
	3,526,574	3,547,753

### **15 Creditors: amounts falling due within one year**

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	-	107,193
Other borrowings	17	873,505	1,121,792
Trade creditors		1,141,219	1,134,007
Corporation tax		567,120	671,449
Other taxation and social security		524,312	254,552
Other creditors		318,073	188,073
Accruals and deferred income		176,993	7,500
		3,601,222	3,484,566

### **16 Creditors: amounts falling due after more than one year**

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	-	785,768

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 17 Loans and overdrafts

	2017 £	2016 £
Bank loans	-	851,882
Bank overdrafts	-	41,079
Loans from related parties	873,505	1,121,792
	<u>873,505</u>	<u>2,014,753</u>
Payable within one year	873,505	1,228,985
Payable after one year	-	785,768
	<u>-</u>	<u>785,768</u>

The long-term loans were secured by legal charges dated 30 April 2014 over the freehold property to which it relates.

### 18 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	19	<u>190,424</u>	<u>187,834</u>

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	<u>190,424</u>	<u>187,834</u>
<b>Movements in the year:</b>		2017 £
Liability at 1 January 2017		187,834
Charge to profit or loss		8,305
Liability at 31 December 2017		<u>196,139</u>



# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 20 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	12,147	6,981

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

### 21 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary of £1 each	100	2
	100	2

### 22 Directors' transactions

Dividends totalling £150,000 (2016 - £150,000) were paid in the year in respect of shares held by the company's directors.

During the year, no rent (2016: £180,000) was paid to the director.

The above transaction has been undertaken on an arm's length basis.

At the year end, a balance of £318,073 (2016: £188,073) was due to the director.

The above loan is interest free with no fixed date for repayment.

### 23 Controlling party

By virtue of ownership of the entire issued share capital, the directors is the ultimate controlling party of the company.

# HIGH GROVE BEDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

**24 Cash generated from operations**

	2017 £	2016 £
Profit for the year after tax	2,020,512	2,631,429
<b>Adjustments for:</b>		
Taxation charged	569,710	656,239
Finance costs	11,639	17,871
Gain on disposal of tangible fixed assets	(34,360)	-
Gain on disposal of investment property	(103,037)	(87,791)
Depreciation and impairment of tangible fixed assets	585,781	520,737
<b>Movements in working capital:</b>		
(Increase) in stocks	(228,915)	(255,905)
Decrease/(increase) in debtors	21,179	(637,006)
Increase/(decrease) in creditors	328,178	(304,967)
<b>Cash generated from operations</b>	<u>3,170,687</u>	<u>2,540,607</u>