

Symphony Holdings Limited

Annual report and financial statements

Registered number 05533292

31 December 2019



## Contents

Directors and advisors	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the annual report and the financial statements	6
Independent auditor's report to the members of Symphony Holdings Limited	7
Consolidated Profit and Loss Account	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes	16

## **Directors and advisors**

### **Directors**

K M Gregory (non-executive)  
G Smith  
M R Davis  
R Bunton

### **Company Secretary**

A Murdoch

### **Registered Office**

Pen Hill Estate  
Park Spring Road  
Barnsley  
South Yorkshire  
S72 7EZ

### **Independent auditor**

KPMG LLP  
Chartered Accountant  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

### **Solicitors**

Walker Morris  
Kings Court  
12 King Street  
Leeds  
LS1 2HL

### **Bankers**

Lloyds TSB Bank PLC  
6-7 Park Row  
Leeds  
LS1 1NX

## Strategic report

### Business Model

Symphony Holdings Limited (the "Company") is an investment holding company. The primary trading company (The Symphony Group plc) is unique in that it operates in four distinct market sectors; Retail, Private Development, Social Housing and Export. This is combined with customer and product diversification to minimise exposure to individual sector risk.

Focus on delivering excellent customer service has seen the Company continue to grow both sales and market share.

The Company continues to maintain a high level of resourcing and investment and, as such, is well placed to take advantage of the anticipated market growth in 2020 and beyond, notwithstanding the short-term disruptive effect of COVID-19.

### Business review and results

During the year, the companies within the group were The Symphony Group PLC, Ashes Properties Limited and Park Springs Properties Limited (the "Group").

The Symphony Group PLC supplies fitted kitchen, bedroom and bathroom furniture and associated products to the Retail, Private Development, Social Housing and Export market sectors. Park Springs Properties Limited is a property holding company. Ashes Properties Limited is dormant.

The results for the Group for the year ended 31 December 2019 show a pre-tax profit of £19,932,000 (2018: £15,782,000) on sales of £273,708,000 (2018: £245,720,000). At the end of the year the Group has a cash balance of £19,547,000 (2018: £9,468,000), along with £10,000,000 in a term deposit account.

2019 saw another strong year of sales growth, with turnover increasing by 11%, as the Group benefited from growth in the Private Development market, and also increased its market share in both the Private Development and Retail sectors.

Operating profit of £19,796,000 was after a charge of £2,287,000 in respect of a LTIS and a charge of £696,000 related to forward currency contracts which were taken out as a defensive Brexit strategy.

Cash flow was again strong in 2019, with a year end net cash balance of £19,547,000 and £10,000,000 in a term deposit account.

### KPIs

Some of the Group's relevant KPIs are given below:

	2019	2018
% growth in turnover	+11.4%	+12.3%
Sales per employee	£157,700	£147,700
EBITDA (group operating profit plus depreciation)	£22,590,000	£18,780,000

## Strategic report *(continued)*

### Principal Risks and Uncertainty

The management of the business is subject to a number of risks. These relate mainly to competitor activity and the availability and price of raw materials.

The Group has taken all steps it believes are necessary to ensure supply chain continuity in the event of any of the currently anticipated Brexit transition outcomes.

The Company is well placed to withstand any adverse consequences of COVID-19. The Company temporarily paused manufacturing and distribution activities for a six week period and recommenced on Monday 11 May 2020 in line with construction market activity. Additional safety stocks are still in place. Employee segregation across sites and working from home have been implemented along with all necessary social distancing and PPE requirements. Cash resources remain strong.

### Future developments

The Private Development market is expected to continue to grow in 2020 and beyond (notwithstanding the short-term impact of COVID-19), and the Company expects to capitalise on that growth given continued market share gains. In addition the Company remains committed to developing its Retail business by offering high quality products at transparent prices to all of its Retail partners.


### S172 Statement

The board of directors has always taken a long-term strategic approach to running the business. We have fostered strong partnerships with both our customers and suppliers over our 49 year history as we believe those relationships are key to our continued success. We also appreciate that our employees, workers and sub-contractors are our strength and ongoing engagement with them, alongside our wider business community, is important in any strategic decision making. We know that having regard to those relationships, as well as to our wider impact on the community and the environment, enables us to promote the success of the company for the benefit of its member (whilst taking in to account the matters set out in s172(a) – (f) of the Companies Act 2006).

### Results and dividends

The Group's profit for the year is £16,030,000 (2018: £12,680,000). The directors paid a dividend of £1,004,000 (2018: £nil). The profit after tax and dividend of £15,026,000 has been transferred to reserves (2018: £12,680,000 transferred to reserves).

By order of the Board



G Smith  
Director

15 June 2020

## **Directors' report**

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2019.

### **Principal activities and review of the year**

The principal activity of the Group is the manufacture and sale of kitchen, bedroom and bathroom furniture.

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are given below:

K M Gregory (non-executive)

G Smith

M R Davis

R Bunton

### **Market value of land and buildings**

In the opinion of the directors there is no significant difference between the market value and book value of the Group's land and buildings.

### **Political and charitable donations**

The Group made no political donations during the year. Donations to UK charities amounted to £14,400 (2018: £13,600).

### **Policy and practice on payment of creditors**

The Group policy is to make its suppliers aware of the terms of payment, to agree such terms with its suppliers for each business transaction and to make payments to suppliers in accordance with these terms, provided that the supplier is also complying with all relevant terms. The average number of days purchases outstanding at 31 December 2019 was 50 (2018: 58).

### **Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Company continues its practice of keeping all its employees informed on matters affecting them.

### **Auditors and disclosure of information to auditor**

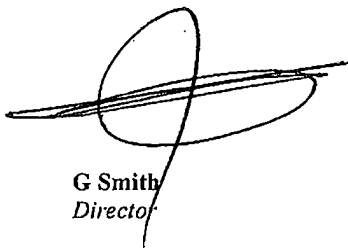
Each of the directors confirms that so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and that he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that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

## **Directors' report** *(continued)*

### **Independent auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed as independent auditor and KPMG LLP will therefore continue in office.

By order of the Board



**G Smith**  
*Director*

Symphony Holdings Limited  
Pen Hill Estate  
Park Spring Road  
Barnsley  
South Yorkshire  
S72 7EZ

15 June 2020

## **Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, 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 year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.





## KPMG LLP

1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
United Kingdom

### **Independent auditor's report to the members of Symphony Holdings Limited**

#### **Opinion**

We have audited the financial statements of Symphony Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

## **Independent auditor's report to the members of Symphony Holdings Limited** *(continued)*

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**


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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Independent auditor's report to the members of Symphony Holdings Limited**  
*(continued)*

**The purpose of our audit work and to whom we owe our responsibilities**

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 Morritt (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

15 June 2020

**Consolidated Profit & Loss Account**  
*for the year ended 31 December 2019*

	<i>Note</i>	2019 £'000	2018 £'000
Turnover	2	273,708	245,720
Costs and overheads	3	(251,625)	(229,924)
Long term incentive bonus	5	(2,287)	-
		<hr/>	<hr/>
Group operating profit	4	19,796	15,796
Bank interest receivable		165	28
Interest payable	7	(29)	(42)
		<hr/>	<hr/>
Profit before taxation		19,932	15,782
Tax on profit	8	(3,902)	(3,102)
		<hr/>	<hr/>
Profit for the financial year		16,030	12,680
		<hr/>	<hr/>

All items dealt with in arriving at operating profit above relate to continuing operations.

There were no gains or losses in the year other than those included in the above consolidated profit and loss account. There is no difference between the profit before taxation and the profit for the year stated above and their historical cost equivalents.


The notes on pages 16 to 26 form part of these financial statements.

## Consolidated Balance Sheet

as at 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Tangible assets	10		19,118		19,953
<b>Current assets</b>					
Stocks	11	25,554		23,117	
Debtors	12	64,005		57,039	
Cash at bank and in hand		19,547		9,468	
		109,106		89,624	
<b>Creditors - amounts falling due within one year</b>	13	(39,807)		(36,422)	
Derivatives		(800)		(104)	
<b>Net current assets</b>			68,499		53,098
<b>Total assets less current liabilities</b>			87,617		73,051
<b>Provision for deferred tax</b>	14		(208)		(668)
<b>Net assets</b>			87,409		72,383
<b>Capital and reserves</b>					
Called up share capital	15		-		-
Other reserve			263		263
Profit and loss reserve			87,146		72,120
<b>Total shareholders' funds</b>			87,409		72,383

The notes on pages 16 to 26 form part of these financial statements. The financial statements on pages 10 to 26 were approved by the board of directors on 15 June 2020 and were signed on its behalf by:

  
G Smith  
Director

Symphony Holdings Limited  
Registered number: 05533292

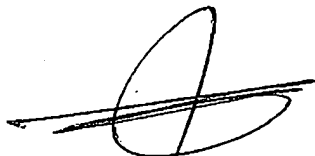
## Company Balance Sheet

as at 31 December 2019

	Note	2019 £'000	2018 £'000
Investment in subsidiary undertakings	9	32,269	32,269
Cash at bank and in hand		427	427
<b>Net assets</b>		<b>32,696</b>	<b>32,696</b>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Other reserve		32,269	32,269
Profit and loss reserve		427	427
<b>Total shareholders' funds</b>		<b>32,696</b>	<b>32,696</b>

The notes on pages 16 to 26 form part of these financial statements.

The financial statements on pages 10 to 26 were approved by the board of directors on 15 June 2020 and were signed on its behalf by:



G Smith  
Director

Symphony Holdings Limited  
Registered number: 05533292

**Consolidated Statement of Changes in Equity**  
*for the year ended 31 December 2019*

	Other reserve £000	Profit and loss reserve £000	Total equity £000
Balance at 1 January 2018	263	59,440	59,703
<b>Total comprehensive income for the period</b>	-	-	-
Profit or loss	-	12,680	12,680
<b>Total comprehensive income for the period</b>	-	12,680	12,680
<b>Balance at 31 December 2018</b>	<b>263</b>	<b>72,120</b>	<b>72,383</b>
Balance at 1 January 2019	263	72,120	72,383
<b>Total comprehensive income for the period</b>	-	16,030	16,030
Profit or loss	-	16,030	16,030
Dividend	-	(1,004)	(1,004)
<b>Total comprehensive income for the period</b>	-	15,026	15,026
<b>Balance at 31 December 2019</b>	<b>263</b>	<b>87,146</b>	<b>87,409</b>

The notes on pages 16 to 26 form part of these financial statements.

**Company Statement of Changes in Equity**  
*for the year ended 31 December 2019*

	Other reserve £000	Profit and loss reserve £000	Total equity £000
Balance at 1 January 2018	32,269	427	32,696
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-
Profit or loss	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	32,269	427	32,696
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2019	32,269	427	32,696
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-
Profit or loss	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	32,269	427	32,696
	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 26 form part of these financial statements.



## Consolidated Cash Flow Statement

*For the year ended 31 December 2019*

	<i>Note</i>	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Total comprehensive income for the period		15,026	12,680
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		2,794	2,984
Interest receivable and similar income		(165)	(28)
Interest payable and similar charges		29	42
(Loss)/gain on sale of tangible fixed assets		-	1
Dividend		1,004	-
Taxation		3,902	3,102
		<hr/>	<hr/>
		22,590	18,781
Decrease/(increase) in trade and other debtors		3,034	(3,825)
Increase in stocks		(2,437)	(1,150)
Increase/(decrease) in trade and other creditors		2,618	2,076
Increase in derivatives		696	34
		<hr/>	<hr/>
		26,501	15,916
Dividend paid		(1,004)	-
Tax paid		(3,595)	(2,992)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		21,902	12,924
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		-	-
Interest received		165	28
Acquisition of tangible fixed assets		(1,959)	(4,092)
Transfer to deposit account		(10,000)	-
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		(11,794)	(4,064)
		<hr/>	<hr/>
<b>Cash flows from financing</b>			
Interest paid		(29)	(42)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		(29)	(42)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		10,079	8,818
Cash and cash equivalents at 1 January		9,468	650
		<hr/>	<hr/>
<b>Cash and cash equivalent at 31 December</b>		19,547	9,468
		<hr/>	<hr/>

The notes on pages 16 to 26 form part of these financial statements.

## Notes

*(forming part of these financial statements)*

### 1 Accounting policies

Symphony Holdings Limited (the "Company") is a private company limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 05533292 and the registered address is Pen Hill Estate, Park Spring Road, Barnsley, South Yorkshire, S72 7EZ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are the assessment of provisions required against book debts and inventory. In both of these areas the Company applies consistent judgements using tested models.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss.

#### *Going concern*

These financial statements have been prepared on the going concern basis. In determining whether the going concern basis continues to be appropriate, the directors have prepared forecasts including severe but plausible scenarios, taking into consideration the uncertainty surrounding the current COVID-19 pandemic. The conclusion is that the group has adequate resources to continue in operational existence for at least 12 months from the approval of the financial statements.

As at 31 December 2019, the group has net assets of £87,409,000 which include cash and cash equivalents of £19,547,000 and cash in short term deposit account of £10,000,000.

## Notes (continued)

### 1 Accounting policies

#### *Basis of consolidation*

The Group accounts consolidate the accounts of Symphony Holdings Limited, The Symphony Group PLC, Ashes Properties Limited and Park Springs Properties Limited which are all made up to 31 December 2019. Intercompany transactions, balances, and unrealised profits and losses on transactions between group companies are eliminated on consolidation.

In the Company's accounts, investments in subsidiary undertakings are stated at cost. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company.

In accordance with section 408 of the Companies Act 2006, Symphony Holdings Limited is exempt from the requirement to present its own profit and loss account. The amount of the profit for the financial year dealt with in the financial statements of Symphony Holdings Limited is disclosed in note 16 to these accounts.

#### *Revenue recognition*

Revenue from the supply of furniture is recognised upon delivery to a customer. Revenue from the supply and installation of furniture is recognised when the installation has been completed to the satisfaction of the customer.

#### *Fixed assets and depreciation*

Fixed assets are stated at cost. The cost or valuation, less residual value, is depreciated by equal annual instalments over the estimated useful lives of the assets which are:

Plant and equipment	-	3-10 years
Motor vehicles	-	3-7 years
Buildings	-	50 years

No depreciation is provided on freehold land.

Assets under the course of construction are not subject to depreciation.

#### *Display set-up costs*

All display set-up costs are written off to the profit and loss account as incurred, as the useful life of displays is considered to be short term.

#### *Pensions*

Money purchase pension arrangements, with defined company contributions, are operated for certain directors and senior employees. The profit and loss account charge represents the amount of contributions payable under such arrangements. The Company's obligations are limited to the amount of such contributions payable.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost of finished goods and manufactured items includes an appropriate proportion of labour and overhead expenses. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

## Notes (continued)

### 1. Accounting policies

#### *Currency translation*

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the transaction dates. Assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Gains and losses arising from currency translation are reflected in operating profit.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Hire purchase and leasing arrangements*

Assets obtained under hire purchase agreements and finance leases are included in fixed assets and the related obligations are included in creditors. Interest charges are allocated to the profit and loss account so as to give a constant rate of charge on the capital balance outstanding.

Operating lease rentals are charged to the profit and loss account as incurred.

#### *Segmental reporting*

The Company's activities consist solely of the manufacture and sale of kitchen, bedroom and bathroom furniture and associated products.

#### *Basic financial instruments*

##### Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### *Investments in subsidiaries*

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

#### *Other financial instruments*

##### Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

## Notes (continued)

### 2 Turnover

Turnover, which arises substantially within the United Kingdom, represents the invoiced value of goods supplied to customers net of discounts allowable and value added tax. Export sales in the year were £208,000 (2018: £470,000).

### 3 Costs and overheads

	2019 £'000	2018 £'000
<b>Operating expenses</b>		
Change in stocks of finished goods and work in progress	(119)	(61)
Raw materials and consumables	158,167	143,746
Other external and operating charges	35,630	34,129
Staff costs (note 5)	54,457	49,092
Depreciation (note 10)	2,794	2,984
Change in fair value of derivatives (note 18)	696	34
	<u>251,625</u>	<u>229,924</u>

### 4 Expenses & Auditors Remuneration

	2019 £'000	2018 £'000
<b>Operating profit is stated after charging:</b>		
Depreciation of tangible fixed assets (note 10)	2,794	2,984
(Loss) on disposal of fixed assets	-	(1)
Property rentals	4,244	3,375
Hire of plant, machinery and vehicles	6,010	5,722
<b>Services provided by the Company's auditor</b>		
Fees payable to auditor for the audit of parent Company and Group accounts	35	45
<b>Amounts receivables by the Company's auditor and its associates in respect of:</b>		
Tax compliance services	<u>84</u>	<u>20</u>

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2019 No	2018 No
Production	1018	969
Administration	718	695
	<hr/>	<hr/>
Average number of employees	1,736	1,664
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	49,785	44,993
Social security costs	3,822	3,499
Other pensions costs	850	600
	<hr/>	<hr/>
	54,457	49,092
	<hr/>	<hr/>
Long term incentive bonus	2,287	-
	<hr/>	<hr/>
	56,744	49,092
	<hr/>	<hr/>

The long term incentive scheme is a non-recurring charge and was based on achieving performance targets set in the Company's three year plan.

### 6 Remuneration of directors

	2019 £'000	2018 £'000
Aggregate emoluments	2,167	588
Company contributions to money purchase pension schemes	10	14
	<hr/>	<hr/>
	2,177	602
	<hr/>	<hr/>

Aggregate emoluments include £1,267,650 in respect of the long term incentive scheme. The aggregate emoluments of the highest paid director were £1,271,000 (2018: £261,600). Retirement benefits are accruing to the following number of directors under:

	2019 No	2018 No
Money purchase schemes	1	2
	<hr/>	<hr/>

**Notes (continued)**

**7 Interest payable**

	2019 £'000	2018 £'000
On overdrafts	29	42
Interest payable	29	42

**8 Tax on profit**

	2019 £'000	2018 £'000
United Kingdom corporation tax at 19% (2018: 19%)	4,362	3,095
Adjustment in respect of previous periods	-	(13)
Total current tax charge	4,362	3,082
Deferred taxation – current year (note 14)	(460)	20
Tax on profit	3,902	3,102

The tax assessed for the year is higher (2018: *higher*) than the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit before taxation	19,932	15,782
Profit multiplied by standard rate in the United Kingdom of 19% (2018: 19%)	3,787	2,999
Explained by:		
Expenditure not deductible for tax purposes	215	79
Transfer pricing adjustments	23	22
Fixed asset differences	12	19
Adjustment to tax charge in respect of previous year – deferred tax	(35)	(2)
Adjust closing deferred tax to average rate of 17%	-	(65)
Adjust opening deferred tax to average rate of 17%	-	63
Timing differences	-	(5)
Group relief claimed	(18)	(8)
Deferred tax on derivative fair value movement	(132)	-
Deferred tax rate movement	50	-
Total tax charge for the year	3,902	3,102

## Notes (continued)

### 8 Tax on profit (continued)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly. The deferred tax liability at 31 December 2019 has been calculated based on these rates.

### 9 Investments in subsidiary undertakings

	£'000
Cost at 31 December 2019 and 31 December 2018	32,269

The investment stated above reflects the net asset value of The Symphony Group PLC at 20 October 2005, the date the Company was acquired via a dividend in specie from Symphony Holdings Limited.

At 31 December 2019 the Company owned the following group companies:

Company	Proportion of issued ordinary share capital	Nature of business
The Symphony Group PLC	100%	Manufacturer of kitchen and other furniture
Ashes Properties Limited	100%	Dormant
Park Springs Properties Limited	100%	Property holding company

The companies are registered in England and Wales, all with registered office address at Pen Hill Estate, Park Spring Road, Barnsley, South Yorkshire S72 7EZ. All group companies prepare statutory accounts as at 31 December. Investments in group undertakings are stated at cost. As permitted by section 615 of the Companies Act 2006, where relief is afforded under section 612 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.



## Notes (continued)

### 10 Tangible assets

Group	Land £'000	Buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
<i>Cost or valuation</i>					
At 1 January 2019	1,872	5,336	30,996	53	38,257
Additions	-	-	1,959	-	1,959
Disposals	-	-	(587)	-	(587)
Transfers between items	-	495	(495)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	1,872	5,831	31,873	53	39,629
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At 1 January 2019	-	997	17,290	17	18,304
Charge for the year	-	113	2,673	8	2,794
Disposals	-	-	(587)	-	(587)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	1,110	19,376	25	20,511
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2019	1,872	4,721	12,497	28	19,118
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2019	1,872	4,339	13,706	36	19,953
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 11 Stocks

Group	2019 £'000	2018 £'000
Raw materials and consumables	22,405	20,121
Work in progress	300	419
Finished goods and goods for resale	2,849	2,577
	<hr/>	<hr/>
	25,554	23,117
	<hr/>	<hr/>

**Notes (Continued)**

**12 Debtors**

<b>Group</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade debtors	48,030	51,751
Other debtors	2,977	2,252
Deposit account	10,000	-
Social security and other taxation	-	315
Prepayments and accrued income	2,998	2,721
	<u>64,005</u>	<u>57,039</u>

The deposit account is a 95 day notice account paying interest at 1.1%.

**13 Creditors – amounts falling due within one year**

<b>Group</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade creditors	25,152	28,087
Corporation Tax	2,162	1,395
Social security and other taxation	107	-
Accruals and deferred income	12,386	6,940
	<u>39,807</u>	<u>36,422</u>

**14 Provision for deferred tax**

<b>Group</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Provision for deferred tax</b>		
At 1 January	668	648
Charge/(credit) to profit and loss account	(460)	20
	<u>208</u>	<u>668</u>
At 31 December		

## Notes (Continued)

### 14 Provision for deferred tax (continued)

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2019 Provided £'000	2019 Unprovided £'000	2018 Provided £'000	2018 Unprovided £'000
Difference between accumulated depreciation and capital allowances	208	-	668	-
	<u>208</u>	<u>-</u>	<u>668</u>	<u>-</u>

### 15 Called up share capital

	2019 £'000	2018 £'000
Authorised 100,000 (2018: 100,000) ordinary shares of £0.01	1	1
	<u>1</u>	<u>1</u>
Allotted and fully paid 3,486 (2018: 3,486) ordinary shares of £0.01	-	-
	<u>-</u>	<u>-</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 16 Profits of holding company

Of the profit for the financial year, a profit of £nil (2018: £nil) is dealt with in the accounts of Symphony Holdings Limited. The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

### 17 Commitments

(i) Capital commitments at the end of the financial year for which no provision has been made:

	2019 £'000	2018 £'000
Contracted	1,364	574
	<u>1,364</u>	<u>574</u>

## Notes (Continued)

### 17 Commitments (continued)

(ii) Non-cancellable operating lease rentals are payable as follows:

	2019 Land and buildings £'000	2019 Other £'000	2018 Land and buildings £'000	2018 Other £'000
Less than one year	3,060	5,211	3,060	4,690
Between one and five years	12,240	8,766	12,240	6,494
More than five years	23,670	579	26,730	338
	<u>38,970</u>	<u>14,556</u>	<u>42,030</u>	<u>11,522</u>

### 18 Financial instruments measured at fair value

#### Derivative financial instruments

The fair value of forward exchange contracts is based on their listed market price. The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair Value 2019 £'000	Fair Value 2018 £'000
Forward Exchange Contracts	(800)	(104)

### 19 Related party disclosures

A Group company paid £30,500 (2018: £50,800) to Haule (Jersey) Limited and £22,500 (2018: £90,000) to Swarthmoor Investments Limited for the consultancy and related services of Mr D S Gregory, a director of a Group company (but these arrangements ceased in April 2019).

### 20 Ultimate parent company

Throughout the year ended 31 December 2019, the directors consider that the ultimate controlling party is Rysaffe Trustee Company (C.I.) Limited as trustee of the St Helier 2015 Trust, a discretionary trust.