

Symphony Holdings Limited

Annual report and financial statements

Registered number 05533292

31 December 2022



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Directors and advisors

Directors

K M Gregory (non-executive)
M R Davis
R Bunton
J A Dunsford

Company Secretary

A Murdoch

Registered Office

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

Independent auditor

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

Solicitor

Walker Morris LLP
33 Wellington St
Leeds
LS1 4DL

Banker

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.

The Company has continued to focus on delivering excellent customer service despite challenging market conditions, this has led to an improvement in results for 2022.

The Company continues to maintain a high level of resourcing and investment and, as such, is well placed to take advantage of any potential market growth in 2023 and beyond.

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 2022 show a pre-tax profit of £20,790,000 (2021: £14,287,000) on sales of £341,931,000 (2021: £278,175,000). At the end of the year the Group has a cash balance of £17,864,000 (2021: £36,523,000) with an overdraft of £4,299,000 (2021: £nil).

Operating profit of £20,790,000 (2021: £14,287,000) was after a gain of £1,901,000 (2021: loss of £1,235,000) related to forward currency contracts.

Underlying cash flow fell in 2022, as a direct result of significant capital expenditure in the business. Year end net cash balance is £13,565,000.

KPIs

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

	2022	2021
% change in turnover	+22.9%	+28.8%
Sales per employee	£172,300	£154,200
EBITDA (group operating profit plus depreciation)	£23,854,000	£17,277,000
	=====	=====

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 Company has taken all steps it believes are necessary to ensure supply chain continuity under the UK's new trading relationship with the European Union.

Future developments

The Private Development market is expected to continue to grow in the medium to long term, and the Company expects to capitalise on that growth given recent market share gains. In addition, the Company remains committed to developing its Retail business by offering high quality products at transparent prices to all 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 52 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 £17,021,000 (2021: £11,194,000). The directors paid a dividend of £nil (2021: £nil). The profit after tax and dividend of £17,021,000 has been transferred to reserves (2021: £11,194,000 transferred to reserves).

By order of the Board



J A Dunsford
Director

28 April 2023

Directors' report

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2022.

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)

M R Davis

R Bunton

J A Dunsford

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 £5,000 (2021: £4,000).

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 2022 was 56 (2021: 45).

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.

Auditor 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)*

Streamlined energy and carbon reporting

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and the actions taken in the financial year by the Company to reduce energy consumption and to reduce our carbon footprint.

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Energy consumption used to calculate emissions (kWh)	50,134,954	46,502,888
Emissions from the combustion of gas tCO ₂ e (Scope 1)	770	824
Emissions from the combustions of fuel for transport purposes tCO ₂ e (Scope 3)	8,290	7,520
Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	2,249	2,199
Total gross tCO ₂ e based on the above	11,309	10,543
Intensity ratio (tCO ₂ e/£m turnover)	33.10	37.90

Energy efficiency action summary

The Company strives to achieve direct savings in energy consumption and the associated carbon emissions through operational and technological improvements. These include:

- Ongoing replacement of heavy goods vehicles and company cars with Euro-6 and electric compliant vehicles with lower tailpipe emissions.
- Signing of electricity contracts from a supplier which guarantees zero carbon emissions for the power supplied.

Methodology used:

- Alignment with financial reporting - SECR disclosures have been prepared in line with the Company's financial statements for the year ended 31 December 2022.
- Reporting method – GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.
- Emissions factor source – DEFRA, 2022 for all emission factors.
- Calculation method – Activity data x emissions factor = GHG emissions.
- Reason for intensity measurement choice – the chosen metric best expresses the business performance generated from the consumption of energy and the associated carbon emissions.

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



J A Dunsford
Director

Symphony Holdings Limited
Pen Hill Estate
Park Spring Road
Barnsley
South Yorkshire
S72 7EZ
28 April 2023

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 group and parent company 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 the group's 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 2022 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 2022 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that supply and fit revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- For a sample of revenue transactions around the period end, vouching to supporting external documentation to corroborate whether those items were recorded in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation, recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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

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.

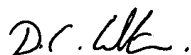
Auditor's responsibilities

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.

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 Caseldine (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

4 May 2023

Consolidated Profit & Loss Account

for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	2	341,931	278,175
Costs and overheads	3	(319,207)	(263,888)
Long term incentive bonus	5	(1,934)	-
		<hr/>	<hr/>
Group operating profit	4	20,790	14,287
		<hr/>	<hr/>
Profit before taxation		20,790	14,287
Tax on profit	7	(3,769)	(3,093)
		<hr/>	<hr/>
Profit for the financial year		17,021	11,194
		<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.


The notes on pages 17 to 27 form part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Tangible assets	9		60,483		35,832
Current assets					
Stocks	10	38,595		28,681	
Debtors	11	71,816		50,981	
Cash at bank and in hand		17,864		36,523	
		128,275		116,185	
Creditors - amounts falling due within one year	12	(61,445)		(45,496)	
Net current assets			66,830		70,689
Total assets less current liabilities			127,313		106,521
Provision for deferred tax	13		(5,336)		(1,565)
Net assets			121,977		104,956
Capital and reserves					
Called up share capital	14		-		-
Other reserve			263		263
Profit and loss reserve			121,714		104,693
Total shareholders' funds			121,977		104,956

The notes on pages 17 to 27 form part of these financial statements. The financial statements on pages 11 to 27 were approved by the board of directors on 24 April 2023 and were signed on its behalf by:



J A Dunsford
Director

Symphony Holdings Limited
Registered number: 05533292

Company Balance Sheet

as at 31 December 2022

	Note	2022 £'000	2021 £'000
Investment in subsidiary undertakings	8	32,269	32,269
Cash at bank and in hand		430	430
Net assets		32,699	32,699
Capital and reserves			
Called up share capital	14	-	-
Other reserve		32,269	32,269
Profit and loss reserve		430	430
Total shareholders' funds		32,699	32,699

The notes on pages 17 to 27 form part of these financial statements.

The financial statements on pages 11 to 27 were approved by the board of directors on 24 April 2023 and were signed on its behalf by:



J A Dunsford
Director

Symphony Holdings Limited
Registered number: 05533292

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	Other reserve £000	Profit and loss reserve £000	Total equity £000
Balance at 1 January 2021	263	93,499	93,762
Total comprehensive income for the period			
Profit or loss	-	11,194	11,194
Balance at 31 December 2021	263	104,693	104,956
Balance at 1 January 2022	263	104,693	104,956
Total comprehensive income for the period			
Profit or loss	-	17,021	17,021
Balance at 31 December 2022	263	121,714	121,977

The notes on pages 17 to 27 form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2022

	Other reserve £000	Profit and loss reserve £000	Total equity £000
Balance at 1 January 2021	32,269	430	32,699
	<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 2021	32,269	430	32,699
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2022	32,269	430	32,699
	<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 2022	32,269	430	32,699
	<hr/>	<hr/>	<hr/>

The notes on pages 17 to 27 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Cash flows from operating activities			
Total comprehensive income for the period		17,021	11,194
<i>Adjustments for:</i>			
Depreciation		3,064	2,990
Gain on sale of tangible fixed assets		(8)	-
Taxation		3,769	3,093
		<u>23,846</u>	<u>17,277</u>
 Increase in trade and other debtors		 (19,693)	 (924)
Increase in stocks		(9,914)	(1,466)
Increase in trade and other creditors		13,431	2,390
(Increase)/Decrease in derivatives		(1,901)	1,235
		<u>5,769</u>	<u>18,512</u>
 Tax paid		 (1,020)	 (1,251)
Net cash from operating activities		<u>4,749</u>	<u>17,261</u>
 Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		77	-
Interest received		-	-
Acquisition of tangible fixed assets		(27,784)	(20,942)
		<u>(27,707)</u>	<u>(20,942)</u>
Net cash from investing activities		<u>(27,707)</u>	<u>(20,942)</u>
 Net increase in cash and cash equivalents		 (22,958)	 (3,681)
Cash and cash equivalents at 1 January		36,523	40,204
		<u>13,565</u>	<u>36,523</u>
Cash and cash equivalents at 31 December		<u>13,565</u>	<u>36,523</u>
 Cash and cash equivalents is comprised of:			
Cash at bank and in hand		17,864	36,523
Bank Overdrafts		(4,299)	-
		<u>13,565</u>	<u>36,523</u>

The notes on pages 17 to 27 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

In the year ended 31 December 2022 the Group generated profit after tax of £17.02 million (2021: £11.19 million). As at 31 December 2022, cash and cash equivalents were £13.6 million (2021: £36.5 million).

The Board has prepared cash flow forecasts using prudent assumptions as to future trading for the period to June 2024. These forecasts demonstrate that the Group will be able to meet its liabilities as they fall due out of its available cash balances which will be sufficient to sustain the business in the foreseeable future. Sensitivity analysis has been performed to assess the impact of a more severe but plausible downside scenario to future trading. Under this more cautious scenario, further turnover reductions have been applied for the period to 30 June 2024.

Notes *(continued)*

1 Accounting policies

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due until at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 2022. 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 15 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, along with a companywide auto enrolment scheme. 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

Notes *(continued)*

1 Accounting policies

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.

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 102.

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, sale and installation 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.

Notes (continued)

Other financial instruments

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.

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 £209,000 (2021: £431,000).

3 Costs and overheads

	2022 £'000	2021 £'000
Operating expenses		
Change in stocks of finished goods and work in progress	(1,031)	(798)
Raw materials and consumables	202,032	162,804
Other external and operating charges	45,626	34,627
Staff costs (note 5)	71,417	63,030
Depreciation (note 9)	3,064	2,990
Change in fair value of derivatives (note 17)	(1,901)	1,235
	<u>319,207</u>	<u>263,888</u>

4 Expenses & Auditor's Remuneration

	2022 £'000	2021 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 9)	3,064	2,990
Profit on disposal of fixed assets	(8)	-
Property rentals	4,758	4,551
Hire of plant, machinery and vehicles	6,710	6,402
Services provided by the Company's auditor		
Fees payable to auditor for the audit of parent Company and Group accounts	74	50
Amounts receivables by the Company's auditor and its associates in respect of:		
Tax compliance services	10	43

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:

	2022 No	2021 No
Production	1,202	1,060
Administration	783	744
	<hr/>	<hr/>
Average number of employees	1,985	1,804
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	64,956	57,522
Social security costs	5,295	4,453
Other pensions costs	1,166	1,055
	<hr/>	<hr/>
	71,417	63,030
	<hr/>	<hr/>
Long term incentive bonus	1,934	-
	<hr/>	<hr/>
	73,351	63,030
	<hr/>	<hr/>

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

6 Remuneration of directors

	2022 £'000	2021 £'000
Aggregate emoluments	969	1,139
Company contributions to money purchase pension schemes	27	27
	<hr/>	<hr/>
	996	1,166
	<hr/>	<hr/>

The aggregate emoluments of the highest paid director were £446,000 (2021: £351,000). Retirement benefits are accruing to the following number of directors under:

	2022 No	2021 No
Money purchase schemes	2	2
	<hr/>	<hr/>

Notes (continued)

7 Tax on profit

	2022 £'000	2021 £'000
United Kingdom corporation tax at 19% (2021: 19%)	-	2,355
Adjustment in respect of previous periods	(2)	-
	<hr/>	<hr/>
Total current tax charge	(2)	2,355
Deferred taxation – origination and reversal of timing differences	2,866	363
Deferred taxation – rate movement	905	375
	<hr/>	<hr/>
Tax on profit	3,769	3,093
	<hr/> <hr/>	<hr/> <hr/>

The tax assessed for the year is lower (2021: *higher*) than the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before taxation	20,790	14,287
	<hr/>	<hr/>
Profit multiplied by standard rate in the United Kingdom of 19% (2021: 19%)	3,950	2,715
Explained by:		
Expenditure not deductible for tax purposes	77	298
Income not taxable for tax purposes	-	(1)
Fixed asset differences	(1,161)	(60)
Adjustment to tax charge in respect of previous year – current tax	(2)	-
Group relief claimed	-	1
Deferred tax on derivative fair value movement	-	(235)
Deferred tax rate movement	905	375
	<hr/>	<hr/>
Total tax charge for the year	3,769	3,093
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Tax on profit (continued)

Legislation was introduced in the Finance Bill 2021 to set the rate of corporation tax at 19% for the year beginning 1 April 2022, and in the same Bill to set the main rate at 25% for the year beginning 1 April 2023. As the change in rate was subsequently enacted in May 2021, deferred tax is measured at the new rate of 25%, where the timing differences are expected to reverse in periods to which the new rate applies.

8 Investments in subsidiary undertakings

	£'000
Cost at 31 December 2022 and 31 December 2021	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 2022 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)

9 Tangible assets

Group	Land £'000	Buildings £'000	Plant and equipment £'000	Assets under course of construction £'000	Total £'000
<i>Cost</i>					
At 1 January 2022	1,872	5,852	39,229	13,172	60,125
Additions	-	-	20,713	7,071	27,784
Reclassifications		20,243	-	(20,243)	-
Disposals	-	-	(239)	-	(239)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	1,872	26,095	59,703	-	87,670
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At 1 January 2022	-	1,342	22,951	-	24,293
Charge for the year	-	116	2,948	-	3,064
Disposals	-	-	(170)	-	(170)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	-	1,458	25,729	-	27,187
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2022	1,872	24,637	33,974	-	60,483
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2022	1,872	4,510	16,278	13,172	35,832
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

10 Stocks

Group	2022 £'000	2021 £'000
Raw materials and consumables	32,571	23,688
Work in progress	406	317
Finished goods and goods for resale	5,618	4,676
	<hr/>	<hr/>
	38,595	28,681
	<hr/>	<hr/>

Notes (Continued)

11 Debtors

Group	2022 £'000	2021 £'000
Trade debtors	64,454	46,081
Other debtors	2,149	1,926
Derivatives (Note 17)	1,142	-
Prepayments and accrued income	4,071	2,974
	<u>71,816</u>	<u>50,981</u>

12 Creditors – amounts falling due within one year

Group	2022 £'000	2021 £'000
Bank overdraft	4,299	-
Trade creditors	38,190	29,495
Derivatives (Note 17)	-	759
Corporation Tax	-	1,022
Social security and other taxation	1,500	690
Accruals and deferred income	17,456	13,530
	<u>61,445</u>	<u>45,496</u>

13 Provision for deferred tax

Group	2022 £'000	2021 £'000
Provision for deferred tax		
At 1 January	1,565	827
Charge to profit and loss account	3,771	738
	<u>5,336</u>	<u>1,565</u>
At 31 December		

Notes (Continued)

13 Provision for deferred tax (continued)

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

	2022 Provided £'000	2022 Unprovided £'000	2021 Provided £'000	2021 Unprovided £'000
Difference between accumulated depreciation and capital allowances	5,336	-	1,565	-
	<u>5,336</u>	<u>-</u>	<u>1,565</u>	<u>-</u>

14 Called up share capital

	2022 £'000	2021 £'000
Authorised		
100,000 (2021: 100,000) ordinary shares of £0.01	1	1
	<u>1</u>	<u>1</u>
Allotted and fully paid		
3,486 (2021: 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.

15 Profits of holding company

Of the profit for the financial year, a profit of £nil (2021: £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.

16 Commitments

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

	2022 £'000	2021 £'000
Contracted	295	22,540
	<u>295</u>	<u>22,540</u>

Notes (Continued)

16 Commitments (continued)

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

	2022 Land and buildings £'000	2022 Other £'000	2021 Land and buildings £'000	2021 Other £'000
Less than one year	3,603	5,399	4,079	5,244
Between one and five years	16,106	10,743	16,372	10,599
More than five years	38,380	644	41,707	420
	<u>58,089</u>	<u>16,786</u>	<u>62,158</u>	<u>16,263</u>

17 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 2022 £'000	Fair Value 2021 £'000
Forward Exchange Contracts	<u>1,142</u>	<u>(759)</u>

18 Related party disclosures

There were no transactions between the Group and its associated related parties during the period (2021: nil).

19 Ultimate parent company

Throughout the year ended 31 December 2022, the directors consider that the ultimate controlling party was Rysaffe Trustee Company (C.I.) Limited as trustee of the St Helier 2015 Trust, a discretionary trust until 16 February 2022, from which date the ultimate controlling party changed to Butterfield Trust (Guernsey) Limited as trustee of the St Helier 2015 Trust, a discretionary trust.