

FURNITURE ORIGINS (UK) LIMITED
(Company number 06378432)

ANNUAL REPORT
For the financial year ended 31 December 2009

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FURNITURE ORIGINS (UK) LIMITED

DIRECTORS' REPORT – 31 DECEMBER 2009

The directors present their annual report and the audited financial statements of the company for the financial year ended 31 December 2009

Principal activities

The company's principal activity was the distribution and sale of furniture

Business review

Both the level of the business and the year end financial position were in-line with expectation. The company's core business is within the furniture sector which has remained positive in the period under review, with the current economic environment presenting both opportunities and challenges.

The company's performance is discussed in the Origin Holdings APS annual report and does not form part of this report. For this reason the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Future developments

The directors expect an improvement in the level of activity in the near future.

These financial statements are prepared on the going concern basis as OH Agency Limited has undertaken to provide continuing financial support for the foreseeable future and in any event for the next 12 months following the date of signing of their financial statements, so that the company can pay its debts as and when they fall due.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Risk management is carried out by the controlling shareholders. The controlling shareholders provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to distributors and retailers, including outstanding receivables and committed transactions. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings and the utilisation of credit limits is regularly monitored.

Cash and bank deposits are held with banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Management monitors liquidity risk by maintaining sufficient cash, ensuring the availability of funding through an adequate amount of committed credit facilities and having the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

FURNITURE ORIGINS (UK) LIMITED

DIRECTORS' REPORT – 31 DECEMBER 2009 (continued)

Financial risk management (continued)

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from commercial transactions such as purchases that are denominated in a currency that is not the entity's functional currency

Results and dividends

The company's loss for the financial year ended 31 December 2009 is £1,111,609 (2008 £1,822,640)

During the financial year, no interim dividend relating to 2009 (2008 £nil) was declared. The loss for the financial year for the company of £1,111,609 (2008 £1,822,640) was deducted from reserves

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were

Seth Jutan

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

FURNITURE ORIGINS (UK) LIMITED

DIRECTORS' REPORT – 31 DECEMBER 2009 (continued)

Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the 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 auditors are aware of that information

Independent auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the annual general meeting

Small Company Provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the board



Seth Jutan
Director

Date 22 October 2010

Independent auditors' report to the members of Furniture Origins (UK) Limited

We have audited the financial statements of Furniture Origins (UK) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FURNITURE ORIGINS (UK) LIMITED

AUDITORS' REPORT – 31 DECEMBER 2009 (Continued)

Independent auditors' report to the members of Furniture Origins (UK) Limited (continued)

Matters on which we are required to report by exception

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Sam Taylor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
Date 22 October 2010

FURNITURE ORIGINS (UK) LIMITED

Profit and loss account

For the financial year ended 31 December 2009

	Note	For the financial year ended 31 December 2009 £	For the period from 21 September 2007 (date of incorporation) to 31 December 2008 £
Turnover	3	6,007,750	3,888,175
Cost of sales		(6,106,473)	(3,578,208)
Gross (loss)/profit		(98,723)	309,967
Administrative expenses		(801,440)	(2,205,018)
Selling and distribution expenses		(211,446)	(37,127)
Other operating (losses)/income		-	109,538
Operating loss	4	(1,111,609)	(1,822,640)
Loss on ordinary activities before taxation		(1,111,609)	(1,822,640)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year	12	(1,111,609)	(1,822,640)

The results above are derived entirely from continuing operations

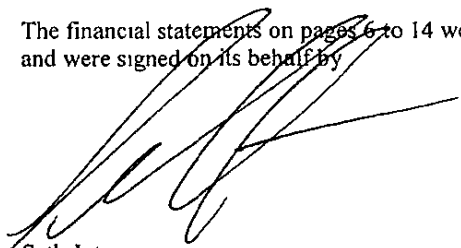
There are no material differences between the loss on ordinary activities before taxation and the accumulated losses for the periods stated above and their historical cost equivalents.

The company has no recognised gains or losses, other than those shown above, and therefore no separate statement for total recognised gains and losses has been presented

FURNITURE ORIGINS (UK) LIMITED
Registered Number 06378432
Balance sheet as at 31 December 2009

	Note	2009 £	2008 £
Current assets			
Stock	8	1,542,932	1,546,004
Debtors	9	2,389,003	1,385,606
Cash at bank and in hand		443,169	148,045
		4,375,104	3,079,655
Creditors – Amounts falling due within one year	10	(7,309,352)	(4,902,294)
Net current liabilities		(2,934,248)	(1,822,639)
Total assets less current liabilities		(2,934,248)	(1,822,639)
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account (deficit)	12	(2,934,249)	(1,822,640)
Total shareholders' deficit	13	(2,934,248)	(1,822,639)

The financial statements on pages 6 to 14 were approved by the board of directors on 22 October 2010 and were signed on its behalf by


Seth Jutan
Director

FURNITURE ORIGINS (UK) LIMITED

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

1 Accounting policies

These financial statements are prepared on the going concern basis as OH Agency Limited has undertaken to provide continuing financial support for the foreseeable future and in any event for the next 12 months following the date of signing of their financial statements, so that the company can pay its debts as and when they fall due. These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

1.1 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.2 Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined using a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision for aged stocks is made on a specific identification basis.

1.3 Trade debtors

Trade debtors are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debtor may be impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'administrative expenses'. When a trade debtor may be uncollectible, it is written off against the allowance account for trade debtors. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

1.4 Deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

FURNITURE ORIGINS (UK) LIMITED

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

1 Accounting policies (continued)

1.4 Deferred income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Deferred income tax is measured

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and
- (ii) based on the tax consequence that will follow from the manner in which the company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity

1.5 Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Turnover is presented net of value-added tax, returns, rebates and discounts

The company recognises revenue when the amount of turnover can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

1.6 Financial risk management

The company's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk

(a) Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from commercial transactions such as purchases that are denominated in a currency that is not the entity's functional currency

(b) Credit risk

Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposures to distributors and retailers, including outstanding receivables and committed transactions. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings and the utilisation of credit limits is regularly monitored

(c) Liquidity risk

Management monitors liquidity risk by maintaining sufficient cash, ensuring the availability of funding through an adequate amount of committed credit facilities

FURNITURE ORIGINS (UK) LIMITED

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

2 Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Origins Holdings ApS and is included in the consolidated financial statement of Origins Holdings ApS. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Origins Holdings ApS or investees of the Origins Holdings ApS group.

3 Turnover

The company's activities consist solely of the distribution and sales of furniture in the United Kingdom.

4 Operating loss

	For the financial year ended 31 December 2009 £	For the period from 21 September 2007 (date of incorporation) to 31 December 2008 £
Operating loss is stated after charging:		
Net loss/(gain) on foreign exchange	64,175	(101,538)
Provision for impairment of trade debtors	23,674	1,818,880
Services provided by the company's auditor:		
Fees payable for the audit	27,184	26,013

5 Directors' emoluments

The directors of the company are being remunerated by OH Agency Limited, a fellow subsidiary held by the same ultimate holding company.

6 Employee information

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

	For the financial year ended 31 December 2009	For the period from 21 September 2007 (date of incorporation) to 31 December 2008
By activity		
Selling and distribution	11	6

FURNITURE ORIGINS (UK) LIMITED

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

6 Employee information (continued)

The aggregate staff costs for these persons was

	For the financial year ended 31 December 2009 £	For the period from 21 September 2007 (date of incorporation) to 31 December 2008 £
Wages and salaries	283,570	110,208
Social security costs	31,010	5,978
Staff insurance	5,767	216
	320,347	116,402

None of the directors were remunerated for their services to the company (2008 none)

7 Tax on loss on ordinary activities

The charge is based on the results on ordinary activities before tax and comprises

	2009 £	2008 £
Current tax:		
Current tax on loss for the period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-

FURNITURE ORIGINS (UK) LIMITED

Notes to the financial statements for the financial year ended 31 December 2009 (Continued)

7 Tax on loss on ordinary activities (continued)

The tax assessed for the year is higher (2008 higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2009 of 28% (2008: 28.5%). The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before tax	(1,111,609)	(1,822,640)
Loss on ordinary activities multiplied by standard rate in the UK 28% (2008 28.5%)	(311,351)	(524,920)
Effects of		
Losses not recognised	311,351	509,286
Other timing differences	-	15,634
Current tax charge for the period	-	-

No provision has been made for deferred tax assets arising due to uncertainty of the timing of future taxable profit. The total amount unprovided at 31 December 2009 is £820,637 (2008 £509,286)

8 Stock

	2009 £	2008 £
Finished goods and goods held for resale	1,542,932	1,546,004

9 Debtors

	2009 £	2008 £
Trade debtors	2,098,223	1,381,356
Amounts due from group undertakings	17,675	-
Prepayments	12,970	4,250
Other debtors	260,135	-
	2,389,003	1,385,606

Amounts due from group undertakings are interest free and are repayable on demand

FURNITURE ORIGINS (UK) LIMITED

Notes to the financial statements for the financial year ended 31 December 2009 (Continued)

10 Creditors – amounts falling due within one year

	2009 £	2008 £
Trade creditors	51,412	2,700
Amounts due to group undertakings	7,130,487	4,727,705
Accruals	127,453	92,757
Other creditors	-	79,132
	7,309,352	4,902,294

All amounts due to group undertakings are unsecured, interest-free and repayable on demand

11 Called up share capital

	2009 £	2008 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted and fully paid		
1 ordinary share of £1 each	1	1

12 Profit and loss account

	£
At beginning of financial year	(1,822,640)
Loss for the financial year (note 13)	(1,111,609)
31 December 2009	(2,934,249)

13 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Opening equity shareholders' funds	(1,822,639)	1
Loss for the financial periods	(1,111,609)	(1,822,640)
Closing equity shareholders' deficit	(2,934,248)	(1,822,639)

FURNITURE ORIGINS (UK) LIMITED

Notes to the financial statements for the financial year ended 31 December 2009 (Continued)

14 Ultimate parent

The intermediate parent undertaking is Origins Holdings APS (incorporated in Denmark). The ultimate parent undertaking and controlling party is Seraphim Holdings Delaware LLC (incorporated in Delaware) which owns 56.40% of Origins Holdings APS. JBF Finance Limited (incorporated in Switzerland) holds 40.79% in Origins Holding APS and the remaining 2.81% is held by individuals. The parent of the smallest and largest group to consolidate these financial statements is Origins Holdings APS. Copies of the consolidated financial statements of Origins Holdings APS can be obtained from <http://www.cvr.dk/Site/Forms/CMS/DisplayPage.aspx?pageid=21> and are also publicly available at the registered office of Origin Holdings APS, c/o Kromann Reumert, Sundkrogsgade 5, DK-2100, Copenhagen.