

**ABBAY UPHOLSTERERS LIMITED**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**COMPANIES HOUSE**

**01 JUN 2016**

**BELFAST**

**WEDNESDAY**



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**#8**

**COMPANIES HOUSE**

# ABBHEY UPHOLSTERERS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	George Devlin Paul Devlin
<b>Secretary</b>	George Devlin Junior
<b>Company number</b>	NI010849
<b>Registered office</b>	1 Meadowbank Road Trooperslane Industrial Estate Carrickfergus Co Antrim BT38 8YF
<b>Auditors</b>	Moore Stephens (NI) LLP 4th Floor - Donegall House 7 Donegall Square North Belfast BT1 5GB
<b>Bankers</b>	Bank of Ireland 1 Donegall Square South Belfast BT1 5LR
<b>Solicitors</b>	E.J Lavery & Co 1-3 Hightown Road Glengormley Newtownabbey BT36 7TZ

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# ABBHEY UPHOLSTERERS LIMITED

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# **ABBNEY UPHOLSTERERS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2014**

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The directors present their strategic report and financial statements for the year ended 31 December 2014.

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

The principal activity of the company continued to be that of furniture manufacturers and upholsterers.

The results for the year were considered satisfactory by the directors given the current economic conditions and the company reported an operating profit of £390,558, however this includes an exceptional charge of £92,642. The profit after tax and interest for the year was £103,099.

The company financed the investment in its factory and investment properties through loan facilities from its bankers and its directors. In addition the company utilises bank overdraft facilities to meet its day to day working capital requirements.

The company's banking facilities are subject to renewal on a quarterly basis and the company's bankers are supportive of the business and the facilities were retained at each review since the balance sheet date up until May 2016. In December 2015 the directors negotiated and agreed to a new banking facility which ensures continued support from its bankers, this was signed off in May 2016. The bank has agreed to restructure the loans and overdraft facilities which has seen £2.6m of debt written off. In November 2015 the directors also negotiated and agreed to have the balance outstanding due to a third party, Mrs I.V. Rodgers reduced from £500k to £200k, with a new loan agreement and discharge being finalised.

Several of the investment properties held, valued at £1.05m, together with other properties owned personally by the directors at a value of £350k, which have been transferred to the company, were transferred to a subsidiary company, Abbeyville Developments Limited for a consideration of £1.4m in May 2016. This allowed the personal guarantees of the Directors to be extinguished. However a cross company guarantee and indemnity from Abbey Upholsterers Limited to Abbeyville Developments Limited for the sum of £1.4m was also set up in May 2016. With respect to the remaining investment properties the directors have agreed that these will be sold within an agreed timeframe and the proceeds used to reduce bank debts.

All of the transactions have been treated as an adjusting post balance sheet event and, as such, have been reflected in the figures reported for 31 December 2014.

#### **Performance**

Performance in the sector is affected by general economic conditions. Management carry out a regular informal performance review, including assessment of competitor activity, market trends and customer behaviour. The directors are satisfied that the company has secured sufficient orders to trade throughout the 2015 year and onwards into 2016. The company is pursuing a number of promising opportunities that will fall due thereafter. The directors have completed an assessment of their trading performance post year end. However uncertainty in the market place prevents reliable assessments of performance beyond that point.

#### **Key Performance Indicators**

Given the straightforward nature of the business the Directors are of the opinion that an analysis of KPIs is not necessary for an understanding of the business.

#### **Risks**

The management and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to human resources, liquidity risk, interest rate risk, price risk, credit risk and going concern risk.

# **ABBEEY UPHOLSTERERS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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### **Environment**

The company, recognises its responsibility to carry out its operations whilst minimising environmental impacts. The directors continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

### **Health & Safety**

The company is committed to achieving the highest practicable standards in health and safety management and strives to make its factory and offices safe environments for employees and customers alike.

### **Human Resources**

The company's most important resource is its people, their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical.

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

### **Liquidity Risk**

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the company has sufficient available funds for operations and planned expansions.

### **Interest rate cash flow risk**

The company has significant interest bearing liabilities. The Directors are aware that a change in interest rates will have a significant impact on the financial performance of the business, and keeps the terms of its loan providers under regular review.

### **Price risk**

The company is exposed to commodity price risk as a result of its operations. However given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

### **Credit risk**

The company's credit risk is primarily attributable to its trade debtors, which is minimised by the number of long established customers and its emphasis on good credit management.

### **Going concern risk**

Considering the successful renegotiation of banking facilities and the projected profitable performance post year end, the directors are satisfied that it is appropriate for the company to prepare its financial statements on the going concern basis.

On behalf of the board



George Devlin

**Director**

26 May 2016

# **ABBAY UPHOLSTERERS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

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The directors present their report and financial statements for the year ended 31 December 2014.

### **Results and dividends**

The results for the year are set out on 7.

An interim ordinary dividend was paid amounting to £67,000 (2013: £60,000). The Directors do not recommend payment of a final dividend.

### **Fixed assets**

The significant changes in fixed assets during the year are explained in notes 8 and 9 to the financial statements.

### **Directors**

The following directors have held office since 1 January 2014:

George Devlin

Paul Devlin

### **Auditors**

The auditors, Moore Stephens (NI) LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# ABBAY UPHOLSTERERS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

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### Directors' responsibilities statement

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



George Devlin

Director

26 May 2016

# **ABBEY UPHOLSTERERS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF ABBEY UPHOLSTERERS LIMITED**

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We have audited the financial statements of Abbey Upholsterers Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the reconciliation of movements in shareholders funds 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).

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 auditors' 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 and express an opinion on 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.

#### **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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

#### **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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# ABBAY UPHOLSTERERS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF ABBAY UPHOLSTERERS LIMITED

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#### 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:

- 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.
- we have not received all the information and explanations we require for our audit.



**Mrs R I Peters Gallagher OBE FCA (Senior Statutory Auditor)**  
for and on behalf of Moore Stephens (NI) LLP

26 May 2016

**Chartered Accountants**  
**Statutory Auditor**

4th Floor - Donegall House  
7 Donegall Square North  
Belfast  
BT1 5GB

# ABBEY UPHOLSTERERS LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £	2013 £
Turnover	2	4,889,920	3,719,562
Cost of sales		(3,786,689)	(2,881,963)
<b>Gross profit</b>		<b>1,103,231</b>	<b>837,599</b>
Distribution costs		(259,863)	(234,467)
Administrative expenses		(436,449)	(405,172)
Other operating income		76,281	66,540
Exceptional items	4	(92,642)	-
<b>Operating profit</b>	3	<b>390,558</b>	<b>264,500</b>
Interest payable and similar charges	5	(273,608)	(254,918)
<b>Profit on ordinary activities before taxation</b>		<b>116,950</b>	<b>9,582</b>
Tax on profit on ordinary activities	6	(13,851)	(18,897)
<b>Profit/(loss) for the year</b>	17	<b>103,099</b>	<b>(9,315)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.


The notes on pages 11 to 20 form part of these financial statements and should be read in conjunction therewith.

# **ABBAY UPHOLSTERERS LIMITED**

## **BALANCE SHEET AS AT 31 DECEMBER 2014**

	Notes	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets	8 and 9		3,517,500		8,162,643
<b>Current assets</b>					
Stocks	10	109,272		149,149	
Debtors	11	586,643		532,851	
Cash at bank and in hand		291,187		143,828	
		<u>987,102</u>		<u>825,828</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,942,259)</u>		<u>(8,085,819)</u>	
<b>Net current liabilities</b>			<u>(2,955,157)</u>		<u>(7,259,991)</u>
<b>Total assets less current liabilities</b>			562,343		902,652
<b>Creditors: amounts falling due after more than one year</b>	13		(384,000)		(772,840)
<b>Provisions for liabilities</b>	14		(79,598)		(67,166)
			<u>98,745</u>		<u>62,646</u>
<b>Capital and reserves</b>					
Called up share capital	16		12,500		12,500
Profit and loss account	17		86,245		50,146
<b>Shareholders' funds</b>	18		<u>98,745</u>		<u>62,646</u>

Approved by the Board and authorised for issue on 26 May 2016

  
George Devlin  
Director

Paul Devlin  
Director



Company Registration No. NI010849

The notes on pages 11 to 20 form part of these financial statements and should be read in conjunction therewith.

# **ABBEY UPHOLSTERERS LIMITED**

## **CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	£	2014 £	£	2013 £
<b>Net cash inflow from operating activities</b>		804,864		279,093
<b>Returns on investments and servicing of finance</b>				
Interest paid	(273,608)		(254,918)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(273,608)		(254,918)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(17,582)		-	
Receipts from sales of tangible assets	-		36,433	
<b>Net cash inflow for capital expenditure</b>		(17,582)		36,433
<b>Equity dividends paid</b>		(67,000)		(60,000)
<b>Net cash inflow before management of liquid resources and financing</b>		446,674		608
<b>Financing</b>				
Other short term loans increase/(reduction)	(30,702)		24,518	
Other long term loans increase/(reduction)	(88,840)		(48,650)	
Capital element of hire purchase contracts	-		(19,166)	
<b>Net cash outflow from financing</b>		(119,542)		(43,298)
<b>Increase/(decrease) in cash in the year</b>		327,132		(42,690)

# **ABBAY UPHOLSTERERS LIMITED**

## **NOTES TO THE CASH FLOW STATEMENT** **FOR THE YEAR ENDED 31 DECEMBER 2014**

1	Reconciliation of operating profit to net cash inflow from operating activities	2014	2013
		£	£
	Operating profit	390,558	264,500
	Depreciation of tangible assets	175,944	175,370
	Exceptional items	92,642	-
	Profit on disposal of tangible assets	-	(32,833)
	Decrease in stocks	39,877	28,717
	(Increase)/decrease in debtors	(53,792)	(26,376)
	Increase/(decrease) in creditors within one year	159,635	(183,037)
	<b>Net cash inflow from operating activities</b>	<b>804,864</b>	<b>279,093</b>
2	Analysis of net debt	1 January 2014	Cash flow 31 December 2014
		£	£
	Net cash:		
	Cash at bank and in hand	143,828	291,187
	Bank overdrafts	(179,773)	-
		(35,945)	291,187
	Debt:		
	Debts falling due within one year	(7,484,104)	(3,359,263)
	Debts falling due after one year	(772,840)	(384,000)
		(8,256,944)	(3,743,263)
	<b>Net debt</b>	<b>(8,292,889)</b>	<b>(3,452,076)</b>
3	Reconciliation of net cash flow to movement in net debt	2014	2013
		£	£
	Increase/(decrease) in cash in the year	327,132	(42,690)
	Cash outflow from decrease in debt	4,513,681	43,298
	<b>Movement in net debt in the year</b>	<b>4,840,813</b>	<b>608</b>
	Opening net debt	(8,292,889)	(8,293,497)
	<b>Closing net debt</b>	<b>(3,452,076)</b>	<b>(8,292,889)</b>

# ABBEY UPHOLSTERERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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### 1 Accounting policies

#### 1.1 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised upon delivery of products, which is when ownership of the products is transferred to the customer.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than land and buildings are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	0% - 2% on cost
Plant and machinery	5% - 10% on cost
Fixtures, fittings & equipment	6.25% - 10% on cost
Motor vehicles	20% on cost

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

#### 1.4 Hire purchase contracts and leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.5 Stock

Stock is valued at the lower of cost and net realisable value. Proper provision has been made for obsolete and slow moving stock.

#### 1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

# ABBAY UPHOLSTERERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 1 Accounting policies

(continued)

#### 1.7 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

Provision is made for tax on gains arising from the revaluation (similar fair value adjustments) of fixed assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted;

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

#### 1.8 Foreign currency translation

Short term monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Long term monetary assets are translated using the best estimate possible of the rates of exchange ruling when the long term liability or asset is expected to mature in light of all the information available at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange gains or losses on all short and long term monetary assets are taken to profit and loss account.

#### 1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity undertaken in the United Kingdom and the Republic of Ireland.

### 3 Operating profit

	2014	2013
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	175,944	175,370
Loss on foreign exchange transactions	-	14,645
Auditors' remuneration	6,000	6,000
and after crediting:		
Rents receivable	(76,281)	(66,390)
Profit on disposal of tangible assets	-	(32,833)
Profit on foreign exchange transactions	(3,783)	-
	<u>          </u>	<u>          </u>

# **ABBEY UPHOLSTERERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>4</b>	<b>Exceptional items</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Amounts written off fixed assets:		
	- permanent diminution in value of fixed assets	(2,862,781)	-
	- permanent diminution in value of investment properties	(574,000)	-
	Bank loan write off	2,644,139	-
	Other loan write off	300,000	-
	Investment property transferred	350,000	-
	Directors funds introduced	50,000	-
		<u>(92,642)</u>	<u>-</u>

In December 2015 the directors successfully negotiated and agreed to a new banking facility which ensures continued support from its bankers. The bank has agreed to restructure the loans and overdraft facilities which will see £2.6m of debt written off and this was completed in May 2016.

In November 2015 the directors negotiated and agreed to have the balance outstanding due to a third party, Mrs I.V. Rodgers reduced from £500k to £200k, with a new loan agreement and discharge being finalised.

Several of the investment properties held valued at £1.05m, together with other properties owned personally by the directors at a value of £350k, which have been transferred to the company, were transferred to a subsidiary company, Abbeyville Developments Limited, a company incorporated in January 2015, for a consideration of £1.4m in May 2016. This allowed the personal guarantees of the Directors to be extinguished. However a cross company guarantee and indemnity from Abbey Upholsterers Limited to Abbeyville Developments Limited for the sum of £1.4m was also set up in May 2016. The Directors also introduced £50k of their own private funds as part of the restructuring of bank debts.

<b>5</b>	<b>Interest payable</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	236,247	244,424
	On other loans	37,361	6,440
	Hire purchase interest	-	4,054
		<u>273,608</u>	<u>254,918</u>

# **ABBEEY UPHOLSTERERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

6	Taxation	2014	2013
		£	£
	<b>Domestic current year tax</b>		
	U.K. corporation tax	1,419	-
	<b>Current tax charge</b>	1,419	-
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	30,893	19,340
	Deferred tax adjust re previous year	(18,461)	(443)
		12,432	18,897
		13,851	18,897
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	116,950	9,582
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2013 - 20.00%)	23,390	1,916
	Effects of:		
	Non deductible expenses	18	-
	Depreciation add back	35,189	35,074
	Capital allowances	(11,393)	(1,102)
	Tax losses utilised	(37,266)	-
	Impairment of fixed assets	687,356	-
	Write down of loan	(668,828)	-
	Other tax adjustments	(27,047)	(35,888)
		(21,971)	(1,916)
	<b>Current tax charge</b>	1,419	-
7	Dividends	2014	2013
		£	£
	Ordinary interim paid	67,000	60,000

# **ABBEEY UPHOLSTERERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

### **8 Tangible fixed assets**

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2014	5,605,884	1,366,076	109,930	212,004	7,293,894
Additions	-	-	5,082	12,500	17,582
Impairment	(3,405,884)	-	-	-	(3,405,884)
Disposals	-	-	(7,151)	(3,520)	(10,671)
At 31 December 2014	2,200,000	1,366,076	107,861	220,984	3,894,921
<b>Depreciation</b>					
At 1 January 2014	455,985	602,917	91,648	180,701	1,331,251
Impairment	(543,103)	-	-	-	(543,103)
On disposals	-	-	(7,151)	(3,520)	(10,671)
Charge for the year	87,118	67,138	5,484	16,204	175,944
At 31 December 2014	-	670,055	89,981	193,385	953,421
<b>Net book value</b>					
At 31 December 2014	2,200,000	696,021	17,880	27,599	2,941,500
At 31 December 2013	5,149,899	763,159	18,282	31,303	5,962,643

The factory land and buildings were professionally revalued by CBRE N.I. Limited as at 22 June 2015.

Land and buildings leasehold comprise entirely of long leasehold land and buildings.

### **9 Tangible fixed assets**

	Investment properties £
<b>Cost</b>	
At 1 January 2014	2,200,000
Additions	350,000
Impairment	(574,000)
Disposals	(1,400,000)
At 31 December 2014	576,000

The directors recognise the current decline in asset values in the current economic environment and have reviewed their valuation of the company's portfolio of investment properties on the basis of information available to them. A fully independent valuation by a qualified person has not been sought by the directors at this stage.

# **ABBEEY UPHOLSTERERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>10 Stocks</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Materials, finished goods and work in progress	109,272	149,149

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

<b>11 Debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	521,912	500,075
Other debtors	11,052	8,276
Prepayments and accrued income	53,679	24,500
	586,643	532,851

<b>12 Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	-	179,773
Bank loans	3,359,263	7,484,104
Trade creditors	173,319	148,617
Corporation tax	1,419	-
Other taxes and social security costs	213,367	85,222
Directors' current accounts	771	8,509
Other creditors	88,840	96,917
Accruals and deferred income	105,280	82,677
	3,942,259	8,085,819

Bank loans and overdrafts are secured by charges over the properties owned by the company, a debenture charging all of the assets and undertaking of the company, a legal charge from the shareholders over the entire issued share capital of the company, a Chattels mortgage over the Company Assets, a cross-company guarantee and indemnity from the Borrower and Abbeyville Developments Limited for the principal sum of £1,400,000 countercovered by a debenture charging all of the assets and undertakings of Abbeyville Developments Ltd.

# **ABBAY UPHOLSTERERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>13 Creditors: amounts falling due after more than one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other loans	384,000	772,840
<b>Analysis of loans</b>		
Not wholly repayable within five years:	50,000	500,000
Wholly repayable within five years	3,693,263	7,756,944
	3,743,263	8,256,944
Included in current liabilities	(3,359,263)	(7,484,104)
	384,000	772,840
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	30,000	88,840
In more than two years but not more than five years	304,000	184,000
In more than five years	50,000	500,000
	384,000	772,840

Details of security held by the bank are disclosed in note 12.

<b>14 Provisions for liabilities</b>	<b>Deferred tax liability</b>
	<b>£</b>
Balance at 1 January 2014	67,166
Profit and loss account	12,432
Balance at 31 December 2014	79,598

The deferred tax liability is made up as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	79,598	67,166

# **ABBAY UPHOLSTERERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

### **15 Pension and other post-retirement benefit commitments** **Defined contribution**

	2014 £	2013 £
Contributions payable by the company for the year	7,684	2,624

### **16 Share capital**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
12,500 Ordinary shares of £1 each	12,500	12,500

### **17 Statement of movements on profit and loss account**

	Profit and loss account £
Balance at 1 January 2014	50,146
Profit for the year	103,099
Dividends paid	(67,000)
Balance at 31 December 2014	86,245

### **18 Reconciliation of movements in shareholders' funds**

	2014 £	2013 £
Profit/(Loss) for the financial year	103,099	(9,315)
Dividends	(67,000)	(60,000)
Net addition to/(depletion in) shareholders' funds	36,099	(69,315)
Opening shareholders' funds	62,646	131,961
Closing shareholders' funds	98,745	62,646

### **19 Contingent liabilities**

At the balance sheet date, the company had no contingent liabilities requiring disclosure in the Financial Statements.

# **ABBAY UPHOLSTERERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>20 Directors' remuneration</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	12,985	11,165
Company pension contributions to defined contribution schemes	389	838
	<u>13,374</u>	<u>12,003</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2013 - 1).

## **21 Employees**

### **Number of employees**

The average monthly number of employees (including directors) during the year was:

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Management and administration	8	8
Distribution and sales	4	4
Production	64	55
	<u>76</u>	<u>67</u>

### **Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	1,483,140	1,229,090
Social security costs	123,343	101,720
Other pension costs	7,684	2,624
	<u>1,614,167</u>	<u>1,333,434</u>

# **ABBHEY UPHOLSTERERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014**

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### **22 Related party transactions**

During the year the company maintained a loan of £184,000 with Abbey Upholsterers Limited Directors Retirement Benefit Scheme, which is reported in creditors falling due after one year. The scheme charged the company interest of £37,361 during the year. At the balance sheet date the company had an outstanding balance of £16,168 (2013 - £17,732) in respect of the outstanding interest payments due to the scheme, and is reported within accruals.

Several of the investment properties held valued at £1.05m, together with other properties owned personally by the directors at a value of £350k, which have been transferred to the company, were transferred to a subsidiary company, Abbeyville Developments Limited for a consideration of £1.4m in May 2016. This allowed the personal guarantees of the Directors to be extinguished. However a cross company guarantee and indemnity from Abbey Upholsterers Limited to Abbeyville Developments Limited for the sum of £1.4m was also set up in May 2016. The Directors also introduced £50k of their own private funds as part of the restructuring of bank debts.

### **23 Events After The Balance Sheet Date**

Contained within the directors report and note 4, are details of a number of transactions that took place after the year end but have been reflected in the Financial Statements to 31 December 2014.

# ABBEY UPHOLSTERERS LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

		2014		2013
	£	£	£	£
<b>Turnover</b>				
Sales of new furniture		3,855,859		2,841,206
Sales of refurbished furniture		1,034,061		878,356
		<u>4,889,920</u>		<u>3,719,562</u>
<b>Cost of sales</b>				
Opening stock and work in progress	149,149		177,866	
Purchases	2,130,714		1,563,000	
Wages, salaries and similar costs	1,272,403		1,057,313	
Employer's N.I. contributions	105,457		92,682	
Subcontract labour	129,180		21,360	
Light, heat and power	41,920		50,222	
Depreciation on plant and machinery	67,138		68,669	
	<u>3,895,961</u>		<u>3,031,112</u>	
Closing stock and work in progress	(109,272)		(149,149)	
	<u>(3,786,689)</u>		<u>(2,881,963)</u>	
<b>Gross profit</b>	22.56%	1,103,231	22.52%	837,599
<b>Distribution costs</b>	259,863		234,467	
<b>Administrative expenses</b>	436,449	(696,312)	405,172	(639,639)
		<u>406,919</u>		<u>197,960</u>
<b>Other operating income</b>				
Rent receivable	76,281		66,390	
Government grants received	-		150	
Exceptional items	(92,642)		-	
	<u>(16,361)</u>		<u>66,540</u>	
<b>Operating profit</b>		390,558		264,500
<b>Interest payable</b>				
Bank interest paid	236,247		244,424	
Other interest paid	37,361		6,440	
Hire purchase interest paid	-		4,054	
	<u>(273,608)</u>		<u>(254,918)</u>	
<b>Profit before taxation</b>		<u>116,950</u>		<u>9,582</u>

# **ABBEY UPHOLSTERERS LIMITED**

## **SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
<b>Distribution costs</b>		
Wages and salaries	91,522	61,872
Directors' remuneration	7,685	5,965
Employer's N.I. contributions	9,625	5,640
Advertising	9,541	10,781
Motor running expenses	125,286	135,484
Depreciation on motor vehicles	16,204	14,725
	<u>259,863</u>	<u>234,467</u>
<b>Administrative expenses</b>		
Wages and salaries	106,230	98,740
Directors' remuneration	5,300	5,200
Employer's N.I. contributions	8,261	3,398
Directors' pension costs	389	838
Staff pension costs	7,295	1,786
Rates	36,791	35,156
Insurance	23,544	21,516
Light and heat	41,920	50,222
Repairs and maintenance	28,999	25,728
Printing, postage and stationery	1,355	3,360
Telephone	7,608	6,771
Travelling expenses	26,373	11,543
Legal and prof fees	45,290	3,335
Accountancy	2,000	2,000
Audit fees	6,000	6,000
Bank charges	2,893	2,536
Credit card charges	1,712	1,094
Bad and doubtful debts	6,573	53,832
Discounts allowed	1,141	4,864
Discounts received	(16,791)	(8,004)
Profit/loss on foreign currency	(3,783)	14,645
Sundry expenses	4,747	1,469
Amortisation on long leasehold	87,118	87,118
Depreciation on FF & E	5,484	4,858
(Profit)/loss on disp of tangibles	-	(32,833)
	<u>436,449</u>	<u>405,172</u>