N1011794

Harry Corry Limited

Report and Financial Statements
For the year ended 28 February 2010

Harry Corry Limited

Company information

Directors	William Corry John Corry BBS (Hons) Anne Hill
Company secretary	John Corry
Company number	NI11994
Registered office	Unit 3 Dunmurry Industrial Estate The Cutts Derriaghy BT17 9HU
Auditors	Ernst & Young LLP Bedford House 16 Bedford Street Belfast BT2 7DT
Bankers	Bank of Ireland 1 Donegal Square South Belfast BT1 5LR
Solicitors	Cleaver Fulton Rankin 50 Bedford Street Belfast BT2 7FW

Directors report

for the year ended 28 February 2010

Company number NI11994

The directors present their report and the financial statements for the year ended 28 February 2010

Principal activity

The company s principal activity during the year continued to be the retailing of soft furnishings and furniture

Business review

The directors consider the results for the year to be satisfactory and will continue to seek opportunities to grow the business through new shop locations and improvements to existing shop units

The company has maintained its training systems and the directors consider administrative staff numbers and sales and distribution staff numbers together with staff turnover to be at a satisfactory level

The directors have identified and reviewed the key risks facing the company These risks are insured to the extent appropriate and contingency arrangements are in place to minimise disruption should a problem occur

Financial performance

The key performance indicators (KPI s) for the company are turnover gross profit margin and operating profit

KPIs

	2010	2009
	£ 000	£ 000
Turnover	40 330	44 334
Gross profit	26 479	29 360
Operating profit	1 271	4 640
Profit on ordinary activities before taxation	730	4 161
Gross profit margin	65 7%	66 2%

Reduced footfall and reduction in the amounts of basket sales has meant that the company has experienced a decrease in turnover of 9 0%

Special offers to encourage and promote customer spend put further pressure on gross margins which have dropped by 0 5%

The combined effect of these reductions has resulted in an overall decrease in the level of operating profit by 72 6%

Operational performance

Turnover Growth

	2010	2009
	%	%
Harry Corry Limited	(9 0)	(1 5)

Turnover continued to decline in the current year due to the difficult trading conditions

Risk management

The company's strategy is to follow an appropriate risk policy which effectively manages exposures related to the achievement of business objectives The key risks which management face are detailed as follows

Business performance risk

Business performance risk is the risk that the company may not perform as expected either due to internal factors or due to competitive pressures in the local and international markets in which it operates This risk is managed through a number of measures ensuring the appropriate management team is in place budget and business planning monthly reporting and variance analysis financial controls key performance indicators and regular forecasting

Business continuity risk

The company ensures that there is adequate knowledge throughout the management team and sufficient IT support available should an unforeseen event occur Management are continually implementing and reviewing business continuity and IT disaster recovery plans to ensure any increase in risk arising from future activities is managed.

Health and safety risk

The company is committed to ensuring a safe working environment These risks are managed by the company through the strong promotion of a health and safety culture extensive safety training and well defined health and safety policies

Financial and business control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the company relies for day to day operations external reporting and for longer term planning The company exercises financial and business control through a combination of qualified and experienced financial personnel performance analysis budgeting and cash flow forecasting and clearly defined approval limits

Environmental risk

Due to the nature of its processing activities the company has established clearly defined policies and procedures to enable compliance with environmental best practice and legislation The company is committed to protecting the environment in which it conducts its business activities

Financial risk management

The company s principal financial instruments comprise cash trade debtors and creditors company indebtedness and certain other debtors and accruals The main risks associated with these financial assets and liabilities are set out below

Foreign currency risk

The company has exposure to foreign currency risk due to US Dollar payables and Euro receivables Active daily monitoring of the respective currencies consultation with and advice from financial institutions and forward planning mitigates the risk

Credit risk

There is no significant credit risk as the company operates on a cash sale and prepayment basis

Liquidity risk

The company maintains regular contact with its bankers and utilises on line banking systems to monitor cash flow performance The directors meet on a regular basis to monitor sales performance and assess cash requirements

Interest rate risk

The company has exposure to interest rate risk Active monitoring planning and consultation with financial institutions manage the risk

Market risk

The company manages market risk market presence and penetration by constant monitoring of product pricing availability and sales performance together with that of its competitors The company plans to maintain and expand market share by a combination of additional retail units and upgrading of existing units

Results

The profit for the year after taxation amounted to £454 449 (2009 £3 133 280)

Directors

The directors who served during the year were

William Corry
John Corry BBS (Hons)
Anne Hill

Political and charitable contributions

During the year the company made charitable contributions of £1 100 (2009 £350)

Directors report

for the year ended 28 February 2010

Going concern

The company's business activities together with the factors likely to affect its future development performance and position are set out in the business review on pages 1 – 4 The financial position of the company its cash flows liquidity position and borrowings are contained on pages 7 – 19

The company has considerable financial resources and the directors believe that the company is well placed to manage its business risks successfully despite the current and continuing uncertain economic outlook

The directors report that having reviewed current performance and forecasts they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Employee involvement

Consultation with employees or their representatives has continued at all levels with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the company

Disabled 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

Provision of information to auditors

Each of the persons who are directors at the time when this directors report is approved has confirmed that

- so far as that director is aware there is no relevant audit information of which the company's auditors are unaware and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors Ernst & Young LLP will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

W A Corry

William Corry
Director

Date 24/11/10

Statement of directors responsibilities
for the year ended 28 February 2010

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 those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments 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
- 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 proper 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

Independent Auditors report to the members of Harry Corry Limited

We have audited the financial statements of Harry Corry Limited for the year ended 28 February 2010 which comprise the Profit and Loss Account the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors Responsibilities Statement set out on page 5 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 (APB 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

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 28 February 2010 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Genreally 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

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

Keith Jess (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP
Statutory Auditor

Ernst & Young LLP

Belfast

Date 29 November 2010

Profit and loss account

for the year ended 28 February 2010

	Note	*2010* £	*2009* £
Turnover	1 2	40 329 544	44 334 200
Cost of sales		(13 850 761)	(14 974 074)
Gross profit		26 478 783	29 360 126
Administrative expenses		(25 262 457)	(24 774 989)
Other operating income	3	54 265	55 306
Operating profit	4	1 270 591	4 640 443
Profit on sale of tangible fixed assets		21 578	18 900
Interest receivable		157 712	463 116
Interest payable	7	(719 802)	(961 717)
Profit on ordinary activities before taxation		730 079	4 160 742
Tax on profit on ordinary activities	8	(275 630)	(1 027 462)
Profit for the financial year	17	454 449	3 133 280

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account

The notes on pages 10 to 19 form part of these financial statements

Balance sheet

as at 28 February 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible fixed assets	9		5 805 756		7 610 823
Fixed asset investments	10		7 578		7 578
			5 813 334		7 618 401
Current assets					
Stocks	11	4 474 976		6 159 059	
Debtors	12	2 895 058		2 752 273	
Cash at bank		12 173 435		9 310 141	
		19 543 469		18 221 473	
***Creditors** amounts falling due within one year*	13	(10 783 227)		(10 150 747)	
Net current assets			8 760 242		8 070 726
Total assets less current liabilities			14 573 576		15 689 127
***Creditors** amounts falling due after more than one year*	14		(4 170 543)		(5 740 543)
Net assets			10 403 033		9 948 584
Capital and Reserves					
Called up share capital	16		200 000		200 000
Profit and loss account	17		10 203 033		9 748 584
Shareholders funds	18		10 403 033		9 948 584

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

William Corry
Director

Date 24/11/10

The notes on pages 10 to 19 form part of these financial statements

Cash flow statement
for the year ended 28 February 2010

	Note	*2010* £	*2009* £
Net cash flow from operating activities	19	4 538 224	3 704 322
Returns on investments and servicing of finance	20	(540 512)	(479 700)
Taxation		(459 810)	(3 063 052)
Capital expenditure and financial investment	20	(511 689)	(1 342 593)
Cash inflow/(outflow) before financing		3 026 213	(1 181 023)
Financing	20	(162 919)	(931 058)
Increase/(decrease) in cash in the year		2 863 294	(2 112 081)

Reconciliation of net cash flow to movement in net funds/debt
for the year ended 28 February 2010

	2010 £	*2009* £
Increase/(decrease) in cash in the year	2 863 294	(2 112 081)
Cash outflow from decrease in debt	162 919	931 058
Movement in net debt in the year	3 026 213	(1 181 023)
Net funds at 1 March	1 679 978	2 861 001
Net funds at 28 February	4 706 191	1 679 978

The notes on pages 10 to 19 form part of these financial statements

1 Accounting policies

1 1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1 2 Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received excluding discounts rebates VAT and other sales taxes or duty The following criteria must also be met before revenue is recognised

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer usually on dispatch of the goods

Interest income
Revenue is recognised as interest accrues using the effective interest method

1 3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses Such cost includes costs directly attributable to making the asset capable of operating as intended 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

Freehold property	2 %	straight line
S/Term leasehold property	10	straight line
Motor vehicles	25 %	straight line
Fixtures & fittings	12 5 %	straight line
Computer equipment	25 %	straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

1 4 Investments

Investments held as fixed assets are stated at cost less provision for impairment.

1 5 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1 6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1 Accounting policies (continued)

1 7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted.

1 8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account.

1 9 Pensions

The company operates a small self administered pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund Contributions are charged to the profit and loss account in the period to which they relate

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company s ordinary activities stated net of value added tax The company operates in one principal area of activity and turnover is attributable to continuing operations

All turnover arose within the United Kingdom and Ireland

Net operating expenses

	2010	*2009*
	£	£
Distribution expenses	18 568 985	17 963 088
Administration expenses	6 693 472	6 811 901
Total	25 262 457	24 774 989

3 Other operating income

	2010 £	2009 £
Net rents receivable	54 265	55 306

4 Operating profit

The operating profit is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
owned by the company	2 316 756	2 404 543
Auditors remuneration	22 046	19 470
Operating lease rentals		
other operating leases	7 813 489	7 216 192

5 Staff costs

Staff costs including directors remuneration were as follows

	2010 £	2009 £
Wages and salaries	8 268 633	8 183 518
Social security costs	699 224	684 097
Other pension costs	496 000	468 318
	9 463 857	9 335 933

The average monthly number of employees including the directors during the year was as follows

	2010 No	2009 No
Management and administration	75	81
Sales and distribution	563	606
	638	687

6 Directors remuneration

	2010 £	2009 £
Emoluments	408 350	198 350

The highest paid director received remuneration of £144 750 (2009 £69 073)

7 Interest payable

	2010 £	2009 £
On bank loans and overdrafts	206	9 184
On other loans	719 596	952 533
	719 802	961 717

8 Taxation

	2010 £	2009 £
Analysis of tax charge in the year		
***Current tax** (see note below)*		
UK corporation tax charge on profit for the year	478 350	1 231 999
Adjustments in respect of prior periods		(183 983)
Total current tax	478 350	1 048 016
***Deferred tax** (see note 15)*		
Origination and reversal of timing differences	(202 720)	(20 554)
Tax on profit on ordinary activities	275 630	1 027 462

8 Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2009 lower than) the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	730 079	4 160 742
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	204 422	1 172 081
Effects of		
Expenses not deductible for tax purposes	1 399	(400)
EBT adjustment	4 212	6 932
Non qualifying depreciation/amortisation	(6 042)	(5 324)
Decelerated capital allowances	281 359	236 468
Short term timing differences	(7 000)	(151 784)
ROI tax payable		(25 974)
Adjustments in respect of previous periods		(183 983)
Current tax charge for the year *(see note above)*	478 350	1 048 016

9 Tangible fixed assets

	Land and buildings £	Motor vehicles £	Furniture fittings and equipment £	Total £
Cost				
At 1 March 2009	3 668 229	977 944	19 694 395	24 340 568
Additions	52 487	51 840	408 997	513 324
Disposals	(3 962)	(55 848)		(59 810)
At 28 February 2010	3 716 754	973 936	20 103 392	24 794 082
Depreciation				
At 1 March 2009	2 934 191	807 942	12 987 612	16 729 745
Charge for the year	194 871	100 025	2 021 860	2 316 756
On disposals	(3 962)	(54 213)		(58 175)
At 28 February 2010	3 125 100	853 754	15 009 472	18 988 326
Net book value				
At 28 February 2010	591 654	120 182	5 093 920	5 805 756
At 28 February 2009	734 038	170 002	6 706 783	7 610 823

9 Tangible fixed assets (continued)

At 28 February 2010 included within the net book value of land and buildings is £45 356 (2009 £48 183) relating to freehold land and buildings and £546 298 (2009 £685 855) relating to short term leasehold land and buildings

10 Fixed asset investments

	Other investments £
Cost or valuation	
At 1 March 2009 and 28 February 2010	7 578

11 Stocks

	2010 £	*2009* £
Finished goods and goods for resale	4 474 976	6 159 059

12 Debtors

	2010 £	*2009* £
Other debtors	459 116	460 150
Prepayments and accrued income	2 215 160	2 274 061
Deferred tax asset (see note 15)	220 782	18 062
	2 895 058	2 752 273

13 Creditors
Amounts falling due within one year

	2010 £	*2009* £
Other loans	3 296 701	1 889 620
Payments received on account	40 862	40 406
Trade creditors	1 042 557	2 320 208
Corporation tax	195 797	177 257
Social security and other taxes	1 097 651	802 733
Other creditors	4 264 237	4 252 244
Accruals and deferred income	845 422	668 279
	10 783 227	10 150 747

14 Creditors
Amounts falling due after more than one year

	2010	2009
	£	£
Other loans	4 170 543	5 740 543

Creditors include amounts not wholly repayable within 5 years as follows

	2010	2009
	£	£
Repayable by instalments		55 000

Interest on all loans is charged at bank base rate plus 3%

15 Deferred tax asset

	2010	2009
	£	£
At beginning of year	18 062	(2 492)
Released during the year	202 720	20 554
At end of year	220 782	18 062

The deferred tax asset is made up as follows

	2010	2009
	£	£
Accelerated capital allowances	(12 809)	(228 583)
Other timing differences	233 591	246 645
	220 782	18 062

16 Share capital

	2010	2009
	£	£
Allotted called up and fully paid		
200 000 ordinary share capital shares of £1 each	200 000	200 000

17 Reserves

	Profit and loss account £
At 1 March 2009	9 748 584
Profit for the year	454 449
At 28 February 2010	10 203 033

18 Reconciliation of movement in shareholders funds

	2010 £	2009 £
Opening shareholders funds	9 948 584	6 815 304
Profit for the year	454 449	3 133 280
Closing shareholders funds	10 403 033	9 948 584

19 Net cash flow from operations

	2010 £	2009 £
Operating profit	1 270 591	4 640 443
Depreciation of tangible fixed assets	2 316 756	2 404 544
Decrease/(increase) in stocks	1 684 083	(782 065)
Decrease/(increase) in debtors	59 935	(867 051)
Decrease in creditors	(793 141)	(1 691 549)
Net cash inflow from operations	4 538 224	3 704 322

20 Analysis of cash flows for headings netted in cash flow statement

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	157 712	463 116
Interest paid	(719 802)	(961 716)
Profit on disposal of fixed assets	21 578	18 900
Net cash outflow from returns on investments and servicing of finance	(540 512)	(479 700)

20 Analysis of cash flows for headings netted in cash flow statement (continued)

	2010 £	2009 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(513 324)	(1 558 021)
Sale of tangible fixed assets	1 635	215 428
Net cash outflow from capital expenditure	(511 689)	(1 342 593)

	2010 £	2009 £
Financing		
Repayment of other loans	(162 919)	(931 058)

21 Analysis of changes in net debt

	1 March 2009 £	*Cash flow* £	*Other non cash changes* £	*28 February 2010* £
Cash at bank and in hand	9 310 141	2 863 294		12 173 435
Debt				
Debts due within one year	(1 889 620)	162 919	(1 570 000)	(3 296 701)
Debts falling due after more than one year	(5 740 543)		1 570 000	(4 170 543)
Net funds	1 679 978	3 026 213		4 706 191

22 Pension commitments

The company operates a defined contribution pension scheme Harry Corry Limited Self Administered Retirement & Death Benefit Scheme The assets of the scheme are held separately from those of the company in an independently administered fund There were no contributions made to the small self administered pension scheme during the year 2010 (2009 £nil) The unpaid contributions outstanding at the year end included in creditors are £nil (2009 £nil)

23 Operating lease commitments

At 28 February 2010 the companv had annual commitments under non cancellable operating leases as follows

	Land and buildings	
	2010	*2009*
	£	£
Expiry date		
Between 2 and 5 years	781 510	649 660
After more than 5 years	7 209 101	7 251 694

24 Related party transactions

(a) Directors loan accounts
Directors loans to the company total £4 264 237 (2009 £4 252 244) at the year end and are disclosed at note 13 The loans are unsecured repayable on demand and attract interest at a commercial rate

(b) Self administered pension funds
The assets of the pension fund are held separately from those of the company in an independentlv administered fund

The pension fund leases property to the company at a commercial rate set by independent suitablv qualified valuers

The company has borrowed funds from the pension fund on an unsecured basis The balance outstanding at the year end of £5 430 543 (2009 £6 640 543) is disclosed as part of related party loans at notes 13 and 14 Interest is payable to the fund at an annual rate of 3 / above bank base rate

(c) Harry Corry SP
The outstanding loan at 28 February 2010 is £85 844 (2009 £100 463) The loan is lent at a commercial rate and is repayable on demand

(d) Corry Properties
The outstanding loan balance at 28 February 2010 is £1 950 857 (2009 £889 157) The loan is lent at a commercial rate and is repayable on demand

(e) Other related party loans
Loans to key employees and close familv members included within the financial statements total £454 500 (2009 £454 500)

These loans are at various rates ranging from interest free to 6 % with some loans repavable on demand and others lasting 10 years

(f) Employee Benefit Trust
In line with accounting standards the Balance Sheet includes £868 944 of the assets of the Harry Corry Limited Pre Retirement Emplovee Benefit Scheme (2009 £913 322)

25 Controlling party

The ultimate controlling parties are the shareholders of the companv i e W Corry J Corrv and A Hill