

High Seat Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 00916661

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High Seat Limited

Company Information

Directors	W J Burrows K M Wall D L Burrows G C Critchlow P R Roberts
Company secretary	W J Burrows
Registered number	00916661
Registered office	Units 1-3a Grange Road Business Park Grange Road Batley West Yorkshire WF17 6LN
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

High Seat Limited

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High Seat Limited

Strategic Report For the Year Ended 31 December 2016

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the retail of fixed and motion furniture. At the end of the financial year, the company operated 58 retail stores nationwide, as well as offering a home consultation service within customers' own homes. All sales are to the UK domestic market.

Business review

The company's turnover increased by 3.4% during the year to £51.8m (2015: £50.1m), as the company continued its store expansion strategy, opening a further five new stores in Burnley, Swindon, Warrington, Taunton and Coventry. From May onwards the store opening programme was paused to allow the company to conclude a review of a number of operational areas, including preparing for the launch in 2017 of new product ranges and the implementation of several new business initiatives which will further improve the experience of customers.

The project led to a restructuring exercise during the summer of 2016 which involved the company incurring a number of non-recurring costs. Subsequently, in the second half of the year, significant investment was made across the business to support ongoing operational development and the further growth anticipated in 2017. This included additions at board level, including a new group Chief Executive Officer and Chief Financial Officer, as well as experienced appointments in customer services, retail, logistics, home consultation, and finance.

These non-recurring costs and additional investment in the cost base, in combination with losses on sale of fixed assets on the relocation of two stores, together contributed to a 24.7% reduction in profit before tax to £2.5m (2015: £3.3m); however create a robust platform for the future.

Although the UK market outlook remains challenging, the business has continued the strong performance delivered in the second half of 2016 into the current year to date, and the directors remain confident in the company's long term prospects for growth and further development.

High Seat Limited

Strategic Report For the Year Ended 31 December 2016

Principal risks and uncertainties

The company faces a number of risks in both the day-to-day operation of its business, and in implementing its strategic plans. The board regularly reviews these risks and implements process improvements and mitigating actions wherever possible to manage its risk.

The risks that could potentially have the most significant impact on the company are outlined below, together with mitigating actions taken. Other risks which are either not currently known or not considered material could also impact upon the company's reported performance or net assets.

Business strategy

The success of the company depends upon the design and implementation of a successful strategy. The evolving strategy for the group of which the company is a member is discussed regularly at board meetings and strategic and operational meetings which include the involvement of appropriate members of the senior management team. Senior management are set departmental objectives aligned with the group's strategy and their performance against those objectives is tracked and reviewed regularly. Staff incentive schemes within the group are triggered by the performance of the group, to align all employees with delivering the group's strategic plans.

Economic conditions

UK economic conditions can impact consumer spending levels and buying behaviour and the wider UK furniture market is competitive, hence the company's success is dependent on its ability to encourage customer visits to its stores and convert those visits to a sale. Retail and marketing key performance indicators are reviewed on a daily basis, and business decisions are taken quickly to respond to market conditions. The company's risk from competition is partly further mitigated by its position within specialist niches of the more general furniture market.

Supply chain

The company's success is dependent upon a reliable, high quality supply chain. The company is also exposed to increases in the purchase price of furniture it sells, in particular as a consequence of exchange rate movements which impact on the raw material input to the company's products.

A material proportion of the company's products are purchased from other group companies, and the company is increasingly insourcing associated operations to maintain control of quality of product and service. The company closely reviews product and service quality from all sources of supply and maintains flexible supply arrangements which enables switching between suppliers, to ensure both consistently high quality levels and competitiveness of suppliers.

High Seat Limited

Strategic Report For the Year Ended 31 December 2016

Key performance indicators


Key financial performance indicators used by the directors to monitor the company include the following:

Financial	2016	2015	Measure
Sales (£'000)	51,793	50,095	Turnover
EBITDA (£'000)	3,805	3,875	Earnings before interest, tax, depreciation, and exceptional items
EBITDA margin (%)	7.3	7.7	EBITDA / Turnover
EBITDA reconciliation:			
Profit before tax (£'000)	2,468	3,277	
Depreciation (£'000)	819	598	
Exceptional items (£'000)	314	-	
Loss on disposal (included within other operating costs) (£'000)	<u>204</u>	<u>-</u>	
	3,805	3,875	

Other

In addition, the directors use a number of other financial and operational key performance indicators which they consider are effective in monitoring the performance of the company. These include footfall, orders, sales and profitability by sales channel and by store; and various customer satisfaction indices.

This report was approved by the board on 27th April 2017 and signed on its behalf.


W J Burrows
Director

High Seat Limited

Directors' Report For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Matters covered in the Strategic Report

Details of the company's results, principal activities, review of business and likely future developments are shown in the Strategic Report on page 1 to 2.

Results and dividends

The profit and loss account is set out on page 9 and shows the profit for the year. During the year, the company paid a dividend to its parent company of £1,000,000 (2015: £nil).

Directors

The directors who served during the year were:

W J Burrows
C M Hudson (resigned 1 April 2016)
K M Wall
I G Jones (resigned 17 May 2016)
D L Burrows
A R Herrick (appointed 1 April 2016, resigned 11 May 2016)
J Herrick (appointed 1 April 2016, resigned 31 May 2016)

Subsequent to the year end, on 1 March 2017, G C Critchlow and P R Roberts were appointed as directors of the company.

Employee involvement

The group of which the company is a member maintains an intranet site providing members of staff with information on matters of concern to them as employees. In addition, employees receive regular briefings from directors and the senior management team through a number of other channels, highlighting matters relevant to them, including the financial and economic factors affecting the performance of the company.

The group intranet site includes functionality that enables employees to express views on areas affecting them, and the company also periodically undertakes a staff survey to canvass views on significant matters.

Disabled employees

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the company the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

High Seat Limited

Directors' Report (continued) For the Year Ended 31 December 2016

Disclosure of information to auditor

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the company the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27th April 2017 and signed on its behalf.


W J Burrows
Director

High Seat Limited

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

High Seat Limited

Independent Auditor's Report to the Members of High Seat Limited

We have audited the financial statements of High Seat Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 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, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

High Seat Limited

Independent Auditor's Report to the Members of High Seat Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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.

BDO LLP

Mark Langford (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Leeds
United Kingdom

28 APRIL 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

High Seat Limited

Statement of Comprehensive Income For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	51,792,997	50,094,856
Change in stocks of finished good and work in progress		(267,427)	905,080
Raw materials and consumables		(20,254,569)	(21,544,345)
Other external charges		(10,352,083)	(10,760,169)
Exceptional items	11	(313,902)	-
Staff costs	7	(6,717,899)	(5,560,667)
Depreciation		(818,861)	(597,797)
Other operating charges		(10,600,506)	(9,260,020)
Profit before tax	5	2,467,750	3,276,938
Tax on profit	9	(517,364)	(631,368)
Profit for the year		1,950,386	2,645,570

The results above all derive from continuing operations.

There was no other comprehensive income for 2016 (2015 - £Nil).

All of the profit is attributable to the owners of the parent company.

The notes on pages 12 to 24 form part of these financial statements.

High Seat Limited
Registered number:00916661

Statement of Financial Position
As at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	12		<u>5,030,676</u>		<u>5,083,330</u>
Current assets					
Stocks	13	1,837,524		2,104,951	
Debtors: amounts falling due within one year	14	3,734,069		2,542,980	
Cash at bank and in hand	15	1,159,625		821,493	
		<u>6,731,218</u>		<u>5,469,424</u>	
Creditors: amounts falling due within one year	16	<u>(5,916,838)</u>		<u>(5,659,885)</u>	
Net current assets/(liabilities)			<u>814,380</u>		<u>(190,461)</u>
Total assets less current liabilities			<u>5,845,056</u>		<u>4,892,869</u>
Provisions for liabilities					
Deferred tax	17		<u>(164,626)</u>		<u>(162,825)</u>
Net assets			<u><u>5,680,430</u></u>		<u><u>4,730,044</u></u>
Capital and reserves					
Called up share capital	18		9,000		9,000
Capital redemption reserve	19		1,000		1,000
Profit and loss account	19		<u>5,670,430</u>		<u>4,720,044</u>
Total equity			<u><u>5,680,430</u></u>		<u><u>4,730,044</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27th April 2017.


W J Burrows
Director

The notes on pages 12 to 24 form part of these financial statements.

High Seat Limited

Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2015	9,000	1,000	2,074,474	2,084,474
Comprehensive income for the year				
Profit for the year	-	-	2,645,570	2,645,570
Total comprehensive income for the year	-	-	2,645,570	2,645,570
At 1 January 2016	9,000	1,000	4,720,044	4,730,044
Comprehensive income for the year				
Profit for the year	-	-	1,950,386	1,950,386
Total comprehensive income for the year	-	-	1,950,386	1,950,386
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,000,000)	(1,000,000)
Total transactions with owners	-	-	(1,000,000)	(1,000,000)
At 31 December 2016	9,000	1,000	5,670,430	5,680,430

The notes on pages 12 to 24 form part of these financial statements.

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

High Seat Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page. The nature of the company's operations and its principal activities are outlined in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company's presentational and functional currency is GBP.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of High Seat Holdings Limited as at 31 December 2016 and these financial statements may be obtained from Units 1 - 3a, Grange Road Business Park, Grange Road, Batley, West Yorkshire, WF17 6LN.

2.3 Turnover

Turnover from the sales of goods is recognised when the company has transferred the risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the customer.

Customer deposits are initially recognised as payments on account and transferred to revenue upon delivery of goods, at which point it is considered the risks and rewards of ownership have passed.

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- 4% straight line per annum
Motor vehicles	- 20% straight line per annum
Fixtures, fittings and computer equipment	- 20-50% straight line per annum

Assets under the course of construction are capitalised but depreciation does not commence until the asset has been brought into use, at which point it is transferred into the relevant asset category above.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in other operating charges in the Statement of Comprehensive Income.

2.5 Operating leases: the company as lessee

Operating lease rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Incentives received to enter into operating lease agreements are released to the Statement of Comprehensive Income over the term of the lease.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

The company also makes pension contributions direct into senior employees' own pension schemes. The amounts represents contributions payable in the period.

2.13 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Stock provision

The stock provision has been calculated based on the estimated net realisable value of demonstration stock items. The directors have assumed that a consistent stock provision will be needed against all stock lines in all stores, and that historical stock write downs will remain consistent in the future.

Returns provision

The returns provision has been calculated based on historical levels of customer returns. The directors have assumed that the future level of returns will continue to be consistent with historical levels.

Cut off

A cut off adjustment has been posted to the financial statements for despatches where title had not passed to the customer at the year end. The directors have calculated this adjustment based on information obtained during the stock counts at the four largest carriers, covering approximately 90% of despatches.

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and arises solely within the United Kingdom.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	818,861	597,797
Loss/(profit) on disposal of tangible fixed assets	203,540	(333)
Exceptional costs related to a refinancing and a redundancy exercise completed during the year	313,902	-
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	16,500	10,000
Operating lease rentals	2,241,631	2,141,773
Defined contribution pension cost	32,268	28,114

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	16,500	10,000

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	6,187,109	5,274,246
Social security costs	498,522	390,668
Cost of defined contribution scheme	32,268	28,114
	<u>6,717,899</u>	<u>5,693,028</u>

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

	2016 No.	2015 No.
Office and management	100	71
Retail	220	199
	<u>320</u>	<u>270</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	722,000	623,344
Company contributions to defined contribution pension schemes	1,062	3,510
	<u>723,062</u>	<u>626,854</u>

During the year retirement benefits were accruing to 5 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £142,867 (2015 - £133,563).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £370 (2015 - £364).

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	538,438	561,870
Adjustments in respect of previous periods	(22,875)	17,735
Total current tax	515,563	579,605
Deferred tax		
Origination and reversal of timing differences	11,431	71,091
Changes to tax rates	(9,012)	(10,192)
Adjustment in respect of previous periods	(618)	(9,136)
Total deferred tax	1,801	51,763
Taxation on profit on ordinary activities	517,364	631,368

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,467,750	3,276,938
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	493,551	663,580
Effects of:		
Expenses not deductible for tax purposes	4,109	3,494
Fixed asset differences	122,240	45,706
Adjustments to tax charge in respect of prior periods	(23,493)	8,599
Other timing differences	-	(13,464)
Changes in tax rates	(11,029)	(19,175)
Group relief	(68,014)	(57,372)
Total tax charge for the year	517,364	631,368

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

10. Dividends

	2016 £	2015 £
Interim paid of £111.11 (2015 - £Nil) per share	1,000,000	-

11. Exceptional items

	2016 £	2015 £
Redundancy and refinancing exercise costs	313,902	-

Exceptional items include costs of a redundancy exercise during the year and project related bonuses.

12. Tangible fixed assets

	Assets under construction £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings and computer equipment £	Total £
Cost or valuation					
At 1 January 2016	403,245	4,628,705	182,855	1,377,009	6,591,814
Additions	89,730	643,132	78,661	182,042	993,565
Disposals	-	(283,834)	(23,923)	(23,365)	(331,122)
Transfers between classes	(403,245)	294,320	-	108,925	-
At 31 December 2016	89,730	5,282,323	237,593	1,644,611	7,254,257
Depreciation					
At 1 January 2016	-	862,309	27,225	618,950	1,508,484
Charge for the period on owned assets	-	499,761	42,960	276,140	818,861
Disposals	-	(88,759)	(7,576)	(7,429)	(103,764)
At 31 December 2016	-	1,273,311	62,609	887,661	2,223,581
Net book value					
At 31 December 2016	89,730	4,009,012	174,984	756,950	5,030,676
At 31 December 2015	403,245	3,766,396	155,630	758,059	5,083,330

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

13. Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>1,837,524</u>	<u>2,104,951</u>

The impairment loss recognised in the Statement of Comprehensive Income in relation to inventories is £11,103 (2015 - £19,477).

14. Debtors

	2016 £	2015 £
Trade debtors	212,307	547,137
Amounts owed by group undertakings	2,168,690	43,026
Other debtors	266,305	600,678
Prepayments and accrued income	<u>1,086,767</u>	<u>1,352,139</u>
	<u>3,734,069</u>	<u>2,542,980</u>

The impairment loss recognised in the Statement of Comprehensive Income for the period in respect of bad and doubtful trade debtors was £15,555 (2015 - £16,143).

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>1,159,625</u>	<u>821,493</u>
	<u>1,159,625</u>	<u>821,493</u>

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Payments received on account	2,233,460	1,655,634
Trade creditors	225,420	336,528
Amounts owed to group undertakings	278,787	831,735
Corporation tax	688,358	247,795
Other taxation and social security	225,171	239,862
Accruals and deferred income	2,265,642	2,348,331
	<u>5,916,838</u>	<u>5,659,885</u>

17. Deferred taxation

	2016 £
At beginning of year	162,825
Charged to the profit or loss	1,801
At end of year	<u>164,626</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	165,223	162,825
Short term timing differences	(597)	-
	<u>164,626</u>	<u>162,825</u>

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

18. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
9,000 Ordinary shares of £1 each	<u>9,000</u>	<u>9,000</u>

Ordinary shares carry the right to one vote each, have the entitlement to receive dividends and a distribution arising from winding up the company.

19. Reserves

The company's reserves are as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Retained earnings

Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

20. Contingent liabilities

External group bank debt is secured on the assets of this and other group companies. The liability outstanding at 31 December 2016 was £7,250,000 (2015 - £1,508,590).

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £32,268 (2015 - £28,114). Contributions totalling £3,519 (2015 - £3,243) were payable to the fund at the reporting date.

The company also pays pension contributions directly into senior employees' own pension schemes. The contributions paid by the company in the year amounted to £1,031 (2015 - £3,401). Contributions amounting to £6,338 (2015 - £5,837) were payable to the fund at the end of the financial year.

High Seat Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

22. Commitments under operating leases

At 31 December 2016 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	2,241,631	2,159,739
Later than 1 year and not later than 5 years	8,011,633	8,230,756
Later than 5 years	8,052,208	9,760,227
	<u>18,305,472</u>	<u>20,150,722</u>

23. Related party transactions

During the year the company paid property rent of £52,500 (2015 - £52,500) to P Burrows, a relative of W J Burrows.

During part of the year the company paid marketing expenses totalling £4,364,447 (2015- £11,053,541) to HUB-MDP Limited, a company in which a former director is related to a shareholder and director. An amount of £277,125 (2015- £447,112) has been included in accruals.

Key management personnel comprise the directors of the company who are responsible for planning, directing and controlling the activities of the company. Their emoluments are included in note 8.

The company has taken the exemption conveyed by FRS102 not to disclose transactions with fellow members of the group headed by High Seat Holdings Limited.

24. Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of High Seat Holdings Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by High Seat Holdings Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of the company.

The ultimate controlling party is W J Burrows.