

Registered number: 02860130

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Zoe Caroline Dickens Pimol Srivikorn M.I. Walliwan Varavarn Mark Smith Simon Wilson Scott Coggan Lisa Broad (appointed 2 January 2019) Paul Whitelocks (appointed 1 January 2019)
<b>Company secretary</b>	Simon Wilson
<b>Registered number</b>	02860130
<b>Registered office</b>	Unit 1 Woodside Industrial Estate Pedmore Road Dudley West Midlands DY2 0RL
<b>Independent auditor</b>	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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## **ASHLEY MANOR UPHOLSTERY LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Introduction**

The Directors have pleasure in presenting their reports and the audited financial statements for the year ended 31 December 2019.

#### **Business review**

The principal activity of the business during the year was that of furniture manufacture and upholsterers.

The Directors are pleased with the business performance and anticipate strong growth in the forthcoming year. The Directors will ensure the Company continues to develop products that are attractive to its market place in order to ensure its continued profitability and growth. The cost base of the Company continues to be closely managed in order to maintain profitability despite Brexit continuing to impact within the foreign exchange markets.

Net profit before dividends for the year amounted to £709,661 (Restated 2018: £552,241).

#### **Principal risks and uncertainties**

The Directors constantly monitor the risks and uncertainties facing the Company with particular reference to the exposure on exchange rates, liquidity, stocks, interest rates and credit risks. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

The Company uses various financial instruments which include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

##### **Currency Risk**

The Company has exposure to translation and transaction foreign exchange risk through its supply chain. Transaction exposures are hedged, principally using forward contracts. Whilst the aim is to achieve an economic hedge, the Company does not adopt an accounting policy of hedge accounting for these financial statements.

##### **Liquidity Risk**

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by utilising related company funds.

##### **Interest Rate Risk**

The Company finance its operations through a mixture of retained profits, related company funds and borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed actively by looking to reduce its working capital requirement.

##### **Credit Risk**

The Company's principal financial assets are stock and trade debtors. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk, the Company has purchased trade debtor insurance. Trading with individual customers is strictly monitored in relation to the insured credit limit obtained from the Company's trade debt insurer.

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## ASHLEY MANOR UPHOLSTERY LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Key performance indicators

The following KPI's are part of the tools used by management to monitor performance across all aspects of the business.

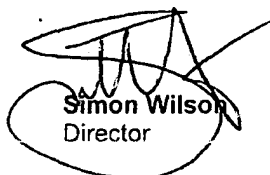
These include:

- Comprehensive sales analysis executed with sales monitored continually by customer and model range.
- Gross margin - raw material, currency rates and labour are closely tracked.
- Cash flow targets - forecasts are established to ensure working capital is effectively managed.
- Staff retention is monitored to ensure employee welfare is at the forefront of the business and training/support given where needed.
- Customer service - levels of quality and performance are continually reviewed to maximise customer satisfaction.

#### Covid-19 impact

The Covid-19 pandemic has not impacted the financial statements for the year ended 31st December 2019. The effects of the pandemic have however been felt in 2020 due to the UK going into lockdown on 23rd March 2020 which resulted in the temporary suspension of production. During this time the company took advantage of the government's furlough scheme and took actions to ensure the ongoing success of the business including, but not exclusively negotiations with suppliers, customers and a redundancy programme. Although the pandemic is ongoing we do not believe this will affect the companies going concern status due to the rapid recovery of the UK furniture market and the continued demand for the company's product lines.

This report was approved by the board on 30<sup>th</sup> November 2020 and signed on its behalf.



Simon Wilson  
Director

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## ASHLEY MANOR UPHOLSTERY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £772,256 (*Restated 2018 - £572,998*).

Dividends which have been declared and are no longer at the discretion of the company amount to £550,000 in respect of the current year ended 31 December 2019 (2017: £1,100,000).

#### Directors

The directors who served during the year were:

Zoe Caroline Dickens  
Pimol Srivikorn  
M.I. Walliwan Varavarn  
Mark Smith  
Simon Wilson  
Scott Coggan  
Lisa Broad (appointed 2 January 2019)  
Paul Whitelocks (appointed 1 January 2019)

#### Future developments

Due to the impact of Covid 19 the company revenue and profit is expected to be below 2019 levels for the year ended 31 December 2020, however having regard to the current order book management are confident of returning to 2019 levels in the year ended 31 December 2021.

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Matters covered in the strategic report**

Details of the principal risks and uncertainties, key performance indicators and business review have been included in the strategic report.

**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 the 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, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30<sup>th</sup> November 2020 and signed on its behalf.



Simon Wilson  
Director

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## ASHLEY MANOR UPHOLSTERY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHLEY MANOR UPHOLSTERY LIMITED

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#### Opinion

We have audited the financial statements of Ashley Manor Upholstery Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHLEY MANOR UPHOLSTERY LIMITED  
(CONTINUED)**

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## **ASHLEY MANOR UPHOLSTERY LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHLEY MANOR UPHOLSTERY LIMITED (CONTINUED)**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

#### **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 in relation to which 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.

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## ASHLEY MANOR UPHOLSTERY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHLEY MANOR UPHOLSTERY LIMITED (CONTINUED)

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#### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

#### Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Leo Malkin (Senior statutory auditor)  
for and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
55 Ludgate Hill  
London  
EC4M 7JW

Date: 3 December 2020

**ASHLEY MANOR UPHOLSTERY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	<i>Restated</i> 2018 £
Turnover		27,367,445	21,612,810
Cost of sales		(18,988,988)	(14,758,999)
<b>Gross profit</b>		<b>8,378,457</b>	<b>6,853,811</b>
Distribution costs		(4,148,414)	(3,602,537)
Administrative expenses		(5,204,512)	(4,614,355)
Other operating income		1,858,508	2,063,943
<b>Operating profit</b>		<b>884,039</b>	<b>700,862</b>
Interest payable and expenses		(56,853)	(17,109)
<b>Profit before tax</b>		<b>827,186</b>	<b>683,753</b>
Tax on profit		(54,930)	(110,755)
<b>Profit for the financial year</b>		<b>772,256</b>	<b>572,998</b>

There was no other comprehensive income for 2019 (2018:£NIL).

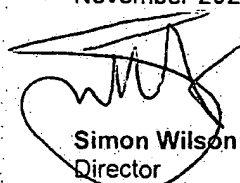
The notes on pages 12 to 28 form part of these financial statements.

**ASHLEY MANOR UPHOLSTERY LIMITED**  
**REGISTERED NUMBER: 02860130**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	Restated 2018 £
<b>Fixed assets</b>			
Tangible assets	9	947,751	436,288
		<u>947,751</u>	<u>436,288</u>
<b>Current assets</b>			
Stocks	10	2,287,580	1,542,889
Debtors: amounts falling due within one year	11	5,650,411	3,364,009
Cash at bank and in hand	12	110,876	586,249
		<u>8,048,867</u>	<u>5,493,147</u>
Creditors: amounts falling due within one year	13	(7,794,924)	(5,045,834)
<b>Net current assets</b>		<u>253,943</u>	<u>447,313</u>
<b>Total assets less current liabilities</b>		<u>1,201,694</u>	<u>883,601</u>
Creditors: amounts falling due after more than one year	14	(113,720)	(31,486)
<b>Provisions for liabilities</b>			
Other provisions	18	(270,522)	(256,919)
		<u>(270,522)</u>	<u>(256,919)</u>
<b>Net assets</b>		<u>817,452</u>	<u>595,196</u>
<b>Capital and reserves</b>			
Called up share capital	19	80,000	80,000
Profit and loss account	20	737,452	515,196
		<u>817,452</u>	<u>595,196</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30th November 2020.

  
**Simon Wilson**  
 Director

The notes on pages 12 to 28 form part of these financial statements.

**ASHLEY MANOR UPHOLSTERY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	80,000	515,196	595,196
<b>Comprehensive income for the year</b>			
Profit for the year	-	772,256	772,256
Dividends paid	-	(550,000)	(550,000)
<b>Total transactions with owners</b>	-	(550,000)	(550,000)
<b>At 31 December 2019</b>	<b>80,000</b>	<b>737,452</b>	<b>817,452</b>

The notes on pages 12 to 28 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018 (as previously stated)	80,000	1,101,223	1,181,223
Prior year adjustment (note 25)	-	(59,025)	(59,025)
At 1 January 2018 (as restated)	80,000	1,042,198	1,122,198
<b>Comprehensive income for the year</b>			
Profit for the year	-	572,998	572,998
Dividends paid	-	(1,100,000)	(1,100,000)
<b>Total transactions with owners</b>	-	(1,100,000)	(1,100,000)
<b>At 31 December 2018</b>	<b>80,000</b>	<b>515,196</b>	<b>595,196</b>

The notes on pages 12 to 28 form part of these financial statements.

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## ASHLEY MANOR UPHOLSTERY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. General information

Ashley Manor Upholstery Limited is a private company limited by shares incorporated in England. The registered office is Woodside Industrial Estate, Pedmore Road, Dudley, West Midlands, DY2 0RL.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 judgment in applying the Company's accounting policies (see note 3).

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 FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland":

- 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 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of Manor (2016) Holdings Limited as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF15 3UZ

##### 2.3 Going concern

The directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review, are confident that the company will have adequate financial resources to continue in operational existence for the foreseeable future. The Covid-19 pandemic has not impacted the financial statements for the year ended 31st December 2019. The effects of the pandemic have however been felt in 2020 due to the UK going into lockdown on 23rd March 2020 which resulted in warehouses being closed for deliveries. In addition to this our overseas suppliers had to suspend production as their countries went into lockdown at various times. Although the pandemic is ongoing we do not believe this will affect the companies going concern status as we have a very strong order book and orders are continuing to arrive, in addition to this our overseas factories are ready to produce as soon as government allows. The directors consider that it is appropriate to prepare the financial statements on the going concern basis.

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## ASHLEY MANOR UPHOLSTERY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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## 2. Accounting policies (continued)

### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.5 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 4 years
Motor vehicles	- 3 - 4 years
Fixtures and fittings	- 3 - 7 years

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 the Statement of comprehensive income.



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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**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 balance sheet 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.

**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 instrument 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 ordinary shares.

**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.

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.11 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

**2.12 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting.

**2.14 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.15 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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.16 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.18 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 balance sheet 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 Balance sheet 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 balance sheet date.

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and key sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Warranty provisions**

There is a risk that the company will incur costs in relation to faulty or returned goods. Management consider the levels of returns historically and use this along with current information to estimate the amount of returns going forwards and made a provision accordingly.

**Trade debtors**

There is a risk that amounts due from customers may not be recoverable. Management have assessed the position of debtors at the year end and consider the provisions to be adequate based on current information available and historic analysis of debtor recoverability.

**Dilapidations provision**

There is a risk that the company will incur costs in relation to returning the premises it operates from back to its original condition. Management have considered the work required and estimated the cost of this work and made a provision accordingly.

**ASHLEY MANOR UPHOLSTERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**4. Turnover**

Analysis of turnover by country of destination:

	2019 £	Restated 2018 £
United Kingdom	27,367,445	21,612,810
	<u>27,367,445</u>	<u>21,612,810</u>

**5. Operating profit**

The operating profit is stated after charging:

	2019 £	2018 £
Audit fee	13,250	13,000
Other operating lease rentals	308,753	210,825
	<u>308,753</u>	<u>210,825</u>

**6. Employees**

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

	2019 £	2018 £
Wages and salaries	7,163,528	6,438,112
Social security costs	603,180	570,469
Cost of defined contribution scheme	122,453	67,973
	<u>7,889,161</u>	<u>7,076,554</u>

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

	2019 No.	2018 No.
Production staff	208	165
Research & development staff	13	14
Office & management staff	58	63
Transport staff	2	1
	<u>281</u>	<u>243</u>

**ASHLEY MANOR UPHOLSTERY LIMITED**

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**7. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	1,126,268	1,083,365
Company contributions to defined contribution pension schemes	117,117	34,750
	<u>1,243,385</u>	<u>1,118,115</u>

During the year retirement benefits were accruing to no directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £266,667 (2018 - £325,100).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £10,000).

**8. Taxation**

	2019 £	<i>Restated</i> 2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	19,494	131,512
Adjustments in respect of previous periods	834	-
<b>Total current tax</b>	<u>20,328</u>	<u>131,512</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	34,602	(20,757)
<b>Total deferred tax</b>	<u>34,602</u>	<u>(20,757)</u>
<b>Taxation on profit on ordinary activities</b>	<u>54,930</u>	<u>110,755</u>

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**8. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	Restated 2018 £
Profit on ordinary activities before tax	827,186	683,753
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	157,165	150,670
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,844	18,642
Short term timing difference leading to an increase (decrease) in taxation	3,387	(20,757)
Other differences leading to an increase (decrease) in the tax charge	-	3,431
Group relief	(120,466)	(41,231)
<b>Total tax charge for the year</b>	<b>54,930</b>	<b>110,755</b>



**ASHLEY MANOR UPHOLSTERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Tangible fixed assets**

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	848,086	245,080	778,025	1,871,191
Additions	101,294	32,245	615,028	748,567
Disposals	(6,500)	(64,350)	(3,475)	(74,325)
Transfers between classes	(118,971)	-	118,971	-
At 31 December 2019	823,909	212,975	1,508,549	2,545,433
<b>Depreciation</b>				
At 1 January 2019	644,872	119,485	670,546	1,434,903
Charge for the year on owned assets	40,342	54,467	112,463	207,272
Disposals	-	(42,677)	(1,816)	(44,493)
At 31 December 2019	685,214	131,275	781,193	1,597,682
<b>Net book value</b>				
At 31 December 2019	138,695	81,700	727,356	947,751
At 31 December 2018	203,214	125,595	107,479	436,288

The net book value of assets under finance leases is £227,281 (2018 - £123,402).

**10. Stocks**

	2019 £	2018 £
Raw materials and consumables	2,187,251	1,407,381
Work in progress (goods to be sold)	100,329	135,508
	<u>2,287,580</u>	<u>1,542,889</u>

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**ASHLEY MANOR UPHOLSTERY LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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**11. Debtors**

	2019 £	<i>Restated</i> 2018 £
Trade debtors	4,619,318	2,903,844
Amounts owed by group undertakings	258,147	141,844
Other debtors	239,976	647
Prepayments and accrued income	477,464	283,072
Corporation tax	55,506	-
Deferred taxation	-	34,602
	<u>5,650,411</u>	<u>3,364,009</u>

**12. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	110,876	586,249
Less: bank overdrafts	(2,000,380)	(485,028)
	<u>(1,889,504)</u>	<u>101,221</u>

**ASHLEY MANOR UPHOLSTERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Bank overdrafts	2,000,380	485,028
Trade creditors	3,074,192	2,682,882
Amounts owed to group undertakings	1,103,815	504,332
Corporation tax	-	80,678
Other taxation and social security	789,902	596,423
Obligations under finance lease and hire purchase contracts	61,598	61,709
Other creditors	116,156	108,501
Accruals and deferred income	648,881	526,281
	<u>7,794,924</u>	<u>5,045,834</u>

The bank overdraft is a revolving facility with varying repayment terms, the drawdowns carry variable interest at LIBOR plus 2.25%.

The facility is secured by fixed and floating charges over all property or undertaking of the company held by Bangkok Bank Public Company Limited dated 1 November 2016.

**14. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	113,720	31,486
	<u>113,720</u>	<u>31,486</u>

**15. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	61,598	61,598
Between 1-5 years	113,720	31,596
	<u>175,318</u>	<u>93,194</u>

**ASHLEY MANOR UPHOLSTERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Financial instruments**

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	110,876	586,249
Financial assets measured at amortised cost	5,117,441	3,047,573
	<u>5,228,317</u>	<u>3,633,822</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>7,643,383</u>	<u>(4,352,403)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to group undertakings, other creditors, HP obligations and accruals.

**17. Deferred taxation**

	2019 £	Restated 2018 £
At beginning of year	34,602	13,845
Charged to profit or loss	-	20,757
Utilised in year	(34,602)	-
<b>At end of year</b>	<u>-</u>	<u>34,602</u>

The deferred tax asset is made up as follows:

	2019 £	Restated 2018 £
Timing difference	-	34,602
	<u>-</u>	<u>34,602</u>

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ASHLEY MANOR UPHOLSTERY LIMITED

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18. Provisions

	Warranty Provision £	Dilapidation provision £	Total £
At 1 January 2019	56,522	200,397	256,919
Charged to profit or loss	13,603	-	13,603
At 31 December 2019	<u>70,125</u>	<u>200,397</u>	<u>270,522</u>

**Warranty Provision**

The provision above represents the anticipated warranty costs of items sold under warranty at the year end, with reference to average claims made for each model sold.

**Dilapidations Provision**

The Company has entered into a contract where upon the cessation of the contract the Company is responsible for certain costs under the contract. Provision for these costs has been made in accordance with this contract.

**ASHLEY MANOR UPHOLSTERY LIMITED**

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**19. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
65,000 (2018 - 65,000) Ordinary shares shares of £1.00 each	65,000	65,000
15,000 (2018 - 15,000) Ordinary A shares shares of £1.00 each	15,000	15,000
	<u>80,000</u>	<u>80,000</u>

The Ordinary shares carry voting rights and the right to a dividend.

The Ordinary A shares carry the right to a one off dividend of £5 per share but have no other entitlement.

**20. Reserves**

**Profit and loss account**

This reserve includes all current and prior period retained profits and losses.

**21. Pension commitments**

The company operates a defined contribution 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 £128,434 (2018: £65,673). Contributions totalling £55,044 (2018: 25,409) were payable to the fund at the reporting date.

**22. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	80,000	142,825
Later than 1 year and not later than 5 years	340,000	525
Later than 5 years	340,000	-
	<u>760,000</u>	<u>143,350</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**23. Transactions with directors**

During the year, a total of £243 and £1,165 was advanced to two directors. At year end, balances of £2,225 and £5,722 (2018: £1,982 and £4,557) were owed by two directors.

**24. Controlling party**

The Company is controlled by its parent undertaking TCM Living Limited. The ultimate controlling party is TCM Corporation Public Limited Company. The financial statements of TCM Corporation Public Company Limited may be obtained from 2044/24 New Petchburi Road, Bangkok, Huaykwang, Bangkok 10310, Thailand.

**25. Prior year adjustment**

During the year the company changed its accounting policy for the treatment of trade discounts to be in line with that of group companies. The effect is to expense the discounts as incurred.

The effects of the change in accounting policy were recognised retrospectively in the financial statements for the year end 31 December 2019 and 31 December 2018. The impact on the financial statements is as follows:

	Profit and loss at 1 January 2018 £	Profit for the financial year ended 31 December 2018 £	Profit and loss at 1 January 2019 £
As previously stated	1,101,223	661,489	662,712
Release of shop floor prepayment	(72,870)	(109,248)	(182,118)
Deferred tax adjustment on prepayment	13,845	20,757	34,602
As stated in accordance with accounting policy change	<hr/> 1,042,198	<hr/> 572,998	<hr/> 515,196