

Company Registration No. 03670521 (England and Wales)

DAVID PHILLIPS FURNITURE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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DAVID PHILLIPS FURNITURE LIMITED

COMPANY INFORMATION

Directors	N C R Gill J Beaumont	(Appointed 18 September 2012)
Company number	03670521	
Registered office	4th Floor Imperial House 15 Kingsway London WC2B 6UN	
Auditors	Alliotts Imperial House 15 Kingsway London WC2B 6UN	

DAVID PHILLIPS FURNITURE LIMITED

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DAVID PHILLIPS FURNITURE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and financial statements for the year ended 31 March 2012

Principal activities and review of the business

The principal activity of the company continued to be that of furniture wholesaler

Fair review of the business

David Phillips is amongst the largest specialist providers of furniture and appliances to the property sector in the UK. We offer a full range of services, including

- (i) next day delivery,
 - (ii) complete furniture packages,
 - (iii) furniture rental, and
 - (iv) interior design services
- with all items delivered, assembled and installed for the customer

Our service offering is available nationwide from our offices in London, Manchester and Edinburgh

We have developed and maintained strong relationships with the full spectrum of property professionals, including some of the largest developers, leading managing agents and landlords. During the year, we have also dedicated resource to growing our business within the public sector and social housing markets, including the development of specific product lines tailored to the needs of these customers

David Phillips Rental (established in FY11) continues to demonstrate strong growth and we have recently expanded this business stream, moving its operations into a new, dedicated facility. This demonstrates our confidence in the opportunity to continue growing this profitable business

We believe our businesses in London, Manchester and Scotland continue to be leaders within their respective markets, winning new customers and providing the company with national reach

Our strategy continues to be to achieve high rates of sales and profit growth, which we expect to be achieved organically, through the development of new product and service lines and appropriate acquisitions

Description of principal risks and uncertainties

We are subject to several risks. Principal among these are

- (i) competition - we operate in a competitive market which is subject to pricing pressure from customers as well as our competitors,
 - (ii) supply chain management - stock is key to our business and we must continue to ensure we maintain a responsive and flexible supply chain, and
 - (iii) exchange rate movements - we source a significant amount of stock from international suppliers and, whilst we hedge our exposure to currency movements, we may be impacted by significant adverse movements in foreign exchange rates
-

DAVID PHILLIPS FURNITURE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

Position of the company at the year end

We believe that we are well positioned to achieve our growth objectives, notwithstanding the continuing tough market conditions. Benefitting from a secure balance sheet, leading market position, established relationships with a diverse customer base, strong management team and a committed workforce, we look to the future with confidence.

Analysis based on key performance indicators

The management team closely monitors the following KPIs

- (i) sales growth,
- (ii) gross margin,
- (iii) EBITDA,
- (iv) net working capital, and
- (v) net cash position,

as well as operational KPIs which measure customer satisfaction and delivery efficiency. The Board considers the progress around these factors during the year to be satisfactory.

Results and dividends

The results for the year are set out on page 6.

Directors

The following directors have held office since 1 April 2011

N. C. R. Gill

W. Iselin

J. Beaumont

(Resigned 18 September 2012)

(Appointed 18 September 2012)

DAVID PHILLIPS FURNITURE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

Statement of directors' responsibilities

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

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

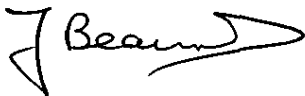
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Statement of disclosure to auditors

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

On behalf of the board



J Beaumont

Director

15 November 2012

DAVID PHILLIPS FURNITURE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAVID PHILLIPS FURNITURE LIMITED

We have audited the financial statements of David Phillips Furniture Limited for the year ended 31 March 2012 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

DAVID PHILLIPS FURNITURE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF DAVID PHILLIPS FURNITURE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Peter Guinn FCA (Senior Statutory Auditor)
for and on behalf of Alliotts

15 November 2012

Chartered Accountants
Statutory Auditor

Imperial House
15 Kingsway
London
WC2B 6UN

DAVID PHILLIPS FURNITURE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 £
Turnover	2	15,285,964	15,487,115
Cost of sales		(7,019,209)	(7,960,522)
Gross profit		8,266,755	7,526,593
Administrative expenses		(7,455,210)	(7,151,518)
Operating profit	3	811,545	375,075
Amounts written off investments	4	(9,980)	-
Interest payable and similar charges	5	(8,160)	(9,447)
Profit on ordinary activities before taxation		793,405	365,628
Tax on profit on ordinary activities	6	(218,111)	(107,032)
Profit for the year	16	575,294	258,596

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

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

DAVID PHILLIPS FURNITURE LIMITED

BALANCE SHEET

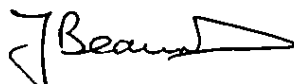
AS AT 31 MARCH 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Intangible assets	7		47,994		191,975
Tangible assets	8		796,628		694,257
Investments	9		200		10,180
			<u>844,822</u>		<u>896,412</u>
Current assets					
Stocks	10	1,088,027		926,432	
Debtors	11	3,570,438		3,070,225	
Cash at bank and in hand		1,078,496		629,657	
		<u>5,736,961</u>		<u>4,626,314</u>	
Creditors: amounts falling due within one year	12	<u>(3,760,758)</u>		<u>(3,342,455)</u>	
Net current assets			<u>1,976,203</u>		<u>1,283,859</u>
Total assets less current liabilities			<u>2,821,025</u>		<u>2,180,271</u>
Creditors: amounts falling due after more than one year	13		(54,421)		(31,115)
Provisions for liabilities	14		<u>(32,336)</u>		<u>(52,582)</u>
			<u>2,734,268</u>		<u>2,096,574</u>
Capital and reserves					
Called up share capital	15		10		10
Other reserves	16		62,400		-
Profit and loss account	16		2,671,858		2,096,564
Shareholders' funds	17		<u>2,734,268</u>		<u>2,096,574</u>

Approved by the Board and authorised for issue on 15 November 2012



N C R Gill
Director



J Beaumont
Director

Company Registration No. 03670521

DAVID PHILLIPS FURNITURE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		738,980		329,782
Returns on investments and servicing of finance				
Interest paid	(8,160)		(9,447)	
Net cash outflow for returns on investments and servicing of finance		(8,160)		(9,447)
Taxation		(86,188)		(218,823)
Capital expenditure				
Payments to acquire tangible assets	(394,698)		(396,200)	
Receipts from sales of tangible assets	158,271		-	
Net cash outflow for capital expenditure		(236,427)		(396,200)
Net cash inflow/(outflow) before management of liquid resources and financing		408,205		(294,688)
Financing				
Capital element of hire purchase contracts	(37,576)		(59,527)	
Decrease in debt	(37,576)		(59,527)	
Net cash outflow from financing		(37,576)		(59,527)
Increase/(decrease) in cash in the year		370,629		(354,215)

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	811,545	375,075
	Depreciation of tangible assets	296,853	240,633
	Amortisation of intangible assets	143,981	143,981
	Profit on disposal of tangible assets	(88,772)	-
	Increase in stocks	(161,595)	(64,887)
	Increase in debtors	(500,213)	(1,077,764)
	Increase in creditors within one year	174,781	712,744
	Equity settled employee benefits reserve movement	62,400	-
	Net cash inflow from operating activities	738,980	329,782

2	Analysis of net funds	1 April 2011	Cash flow	Other non- 31 March 2012 cash changes
		£	£	£
	Net cash			
	Cash at bank and in hand	629,657	448,839	1,078,496
	Bank overdrafts	-	(78,210)	(78,210)
		<u>629,657</u>	<u>370,629</u>	<u>1,000,286</u>
	Bank deposits	-	-	-
	Debt			
	Finance leases	(55,444)	37,576	(91,893)
	Net funds	574,213	408,205	908,393

3	Reconciliation of net cash flow to movement in net funds	2012	2011
		£	£
	Increase/(decrease) in cash in the year	370,629	(354,215)
	Cash outflow from decrease in debt and lease financing	37,576	59,527
	Change in net debt resulting from cash flows	408,205	(294,688)
	New finance lease	(74,025)	(47,217)
	Movement in net funds in the year	334,180	(341,905)
	Opening net funds	574,213	916,118
	Closing net funds	908,393	574,213

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable from furniture wholesale and services rendered for furniture rentals net of VAT and trade discounts

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

1.5 Tangible fixed assets and depreciation

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

Land and buildings Leasehold	over the term of the lease
Plant and machinery	25% on reducing balance
Computer equipment	33% on cost
Rental assets	50% on cost

1.6 Leasing and hire purchase commitments

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

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Revenue recognition

Furniture sales income represents revenue earned by the sale of furniture to customers. Revenue is recognised when goods are dispatched to customers.

Income from furniture rentals is recognised in the financial statements in the period the rental occurs.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

(continued)

1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.12 Share-based payments

The Company has applied the requirements of FRS20 Share Based Payments.

For cash settled share based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period during which the employees become unconditionally entitled to payment, based on the Company's estimate of shares that are forecast to vest. The fair value is estimated using the intrinsic value method as permitted by FRS25. The liability is revalued at each balance sheet date based on an estimate of the value at the settlement date with any changes to fair value being recognised in the profit and loss account.

1.13 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Occam Wile Limited, a company incorporated in England & Wales, and is included in the consolidated accounts of that company.

2 Turnover

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

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

3	Operating profit	2012	2011
		£	£
	Operating profit is stated after charging		
	Amortisation of intangible assets	143,981	143,981
	Depreciation of tangible assets	296,853	240,633
	Loss on foreign exchange transactions	5,636	19,431
	Operating lease rentals	368,252	379,272
	and after crediting		
	Profit on disposal of tangible assets	(88,772)	-
		<u></u>	<u></u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	24,005	22,679
	Advisory services	15,717	13,325
		<u></u>	<u></u>
		39,722	36,004
		<u></u>	<u></u>
4	Amounts written off investments	2012	2011
		£	£
	Amounts written off fixed asset investments		
	- permanent diminution in value	9,980	-
		<u></u>	<u></u>
	The amount written off investments represents the permanent diminution in the value of the subsidiary investment in David Phillips (Scotland) Limited		
5	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	1,155	1,521
	Hire purchase interest	6,765	7,926
	Other interest	240	-
		<u></u>	<u></u>
		8,160	9,447
		<u></u>	<u></u>

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

6	Taxation	2012 £	2011 £
	Domestic current year tax		
	U K corporation tax	234,153	110,694
	Adjustment for prior years	4,204	-
	Total current tax	<u>238,357</u>	<u>110,694</u>
	Deferred tax		
	Deferred tax charge/credit current year	(20,246)	(3,662)
		<u>218,111</u>	<u>107,032</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>793,405</u>	<u>365,628</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26 00% (2011 - 28 00%)	<u>206,285</u>	<u>102,376</u>
	Effects of		
	Non deductible expenses	8,869	2,486
	Depreciation add back	114,618	107,692
	Capital allowances	(98,271)	(58,981)
	Adjustments to previous periods	4,204	-
	Chargeable disposals	9,509	-
	Other tax adjustments	(6,857)	(42,879)
		<u>32,072</u>	<u>8,318</u>
	Current tax charge for the year	<u>238,357</u>	<u>110,694</u>

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2011 & at 31 March 2012	431,943
Amortisation	
At 1 April 2011	239,968
Charge for the year	143,981
At 31 March 2012	383,949
Net book value	
At 31 March 2012	47,994
At 31 March 2011	191,975

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

8 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Computer equipment	Rental assets	Total
	£	£	£	£	£
Cost					
At 1 April 2011	54,601	897,514	393,209	179,502	1,524,826
Additions	-	49,823	132,591	286,309	468,723
Disposals	-	(64,496)	-	(110,705)	(175,201)
At 31 March 2012	54,601	882,841	525,800	355,106	1,818,348
Depreciation					
At 1 April 2011	26,390	567,394	198,082	38,703	830,569
On disposals	-	(43,953)	-	(61,749)	(105,702)
Charge for the year	5,460	42,545	100,220	148,628	296,853
At 31 March 2012	31,850	565,986	298,302	125,582	1,021,720
Net book value					
At 31 March 2012	22,751	316,855	227,498	229,524	796,628
At 31 March 2011	28,211	330,120	195,127	140,799	694,257

Included above are assets held under finance leases or hire purchase contracts as follows.

	Plant and machinery	Computer equipment	Total
	£	£	£
Net book values			
At 31 March 2012	57,810	48,877	106,687
At 31 March 2011	56,754	11,912	68,666
Depreciation charge for the year			
At 31 March 2012	15,303	4,712	20,015
At 31 March 2011	13,257	9,579	22,836

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2011 & at 31 March 2012	10,180
Provisions for diminution in value	
At 1 April 2011	-
Charge for the year	9,980
At 31 March 2012	9,980
Net book value	
At 31 March 2012	200
At 31 March 2011	10,180

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
David Phillips (Scotland) Limited	England & Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
David Phillips (Scotland) Limited	Principal activity Dormant	200	-

10 Stocks

	2012 £	2011 £
Finished goods and goods for resale	1,088,027	926,432

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

11 Debtors	2012	2011
	£	£
Trade debtors	1,382,538	1,870,471
Amounts owed by parent and fellow subsidiary undertakings	1,786,727	1,001,883
Other debtors	146,106	107,753
Prepayments and accrued income	255,067	90,118
	<u>3,570,438</u>	<u>3,070,225</u>
12 Creditors: amounts falling due within one year	2012	2011
	£	£
Bank loans and overdrafts	78,210	-
Net obligations under hire purchase contracts	37,472	24,329
Trade creditors	1,865,012	2,006,020
Amounts owed to subsidiary undertakings	494,152	494,152
Corporation tax	259,551	107,382
Other taxes and social security costs	462,089	417,473
Other creditors	30,047	-
Accruals and deferred income	534,225	293,099
	<u>3,760,758</u>	<u>3,342,455</u>
13 Creditors: amounts falling due after more than one year	2012	2011
	£	£
Net obligations under hire purchase contracts	<u>54,421</u>	<u>31,115</u>
Net obligations under hire purchase contracts		
Repayable within one year	44,755	29,150
Repayable between one and five years	65,778	36,922
	<u>110,533</u>	<u>66,072</u>
Finance charges and interest allocated to future accounting periods	(18,640)	(10,628)
	<u>91,893</u>	<u>55,444</u>
Included in liabilities falling due within one year	(37,472)	(24,329)
	<u>54,421</u>	<u>31,115</u>

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

14 Provisions for liabilities

	Deferred tax liability £
Balance at 1 April 2011	52,582
Profit and loss account	(20,246)
Balance at 31 March 2012	32,336

The deferred tax liability is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	32,336	52,582

15 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
10 Ordinary shares of £1 each	10	10

At 31 March 2012 employees held options over 120,000 shares of the parent company, all of which will expire on 15 April 2017. Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note 23.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

16 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2011	-	2,096,564
Profit for the year	-	575,294
Movement during the year	62,400	-
Balance at 31 March 2012	62,400	2,671,858

Other reserves

Equity-settled employee benefits reserve

Arising on share-based payments

Balance at 31 March 2012

62,400

62,400

The above equity-settled employee benefits reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share-based payments to employees is set out in note 23.

17 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	575,294	258,596
Movements on other reserves	62,400	-
Net addition to shareholders' funds	637,694	258,596
Opening shareholders' funds	2,096,574	1,837,978
Closing shareholders' funds	2,734,268	2,096,574

18 Contingent liabilities

There is an unlimited composite company guarantee relating to the bank overdraft and bank loans of the group companies David Phillips Furniture Limited and Occam Wile Limited. At 31 March 2012 the amount covered by the guarantee was £2,497,500 (2011 - £818,750) in respect of bank loans to the parent company Occam Wile Limited.

There is a debenture comprising fixed and floating charges over all the assets and undertaking of David Phillips Furniture Limited.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

19 Financial commitments

At 31 March 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2013

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire				
Within one year	-	-	3,734	3,506
Between two and five years	253,492	11,088	5,230	9,481
In over five years	-	208,680	-	-
	<u>253,492</u>	<u>219,768</u>	<u>8,964</u>	<u>12,987</u>

20 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	<u>263,882</u>	<u>207,310</u>
Remuneration disclosed above include the following amounts paid to the highest paid director		
Remuneration for qualifying services	<u>163,882</u>	<u>107,310</u>

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

21 Employees

Number of employees

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

	2012 Number	2011 Number
Sales and distribution	115	79
Administration	37	33
	<u>152</u>	<u>112</u>

Employment costs

	2012 £	2011 £
Wages and salaries	3,943,677	3,577,170
Social security costs	415,152	358,289
Equity settled employee benefits	62,400	-
	<u>4,421,229</u>	<u>3,935,459</u>

22 Control

At 31 March 2012 the ultimate parent company was Occam Wile Limited, a company registered in England and Wales

On 18 September 2012 the ultimate parent company changed to Fleming Family & Partners Limited, a company registered in England and Wales

No one party has overall control

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

23 Share-based payment transactions

During the year ended 31 March 2012, the company had one share-based payment arrangement

The Parent Company has a share option plan for employees of the Company and its subsidiaries

Each employee share option converts into one Ordinary share of the Parent Company on exercise. No amounts are paid or payable by the recipient on grant of the option. The options carry neither rights to dividends nor voting rights.

The employees eligible to participate and the options allocated to each participant is entirely at the discretion of the Company's Board, subject only to an over-riding limit of shares with a total market value not exceeding £100,000 per qualifying employee or £3,000,000 in aggregate.

The following share-based payment arrangement was in existence during the current year:

	Employee share option plan
Date of grant	16 April 2007
Number granted	120,000
Contractual life	10 years

Vesting conditions

All options granted vest over a 10 year period as follows:

- 100% at the point in which the company undergoes an exit event (a share sale, business sale or listing)
- All options must be exercised between expiration of the related vesting period and 10 years from the date of grant
- Options lapse upon termination of the employee's contract of employment provided they have not already vested

Fair value of share options granted in the year

The company cannot estimate reliably the grant date fair value of the share options granted. The company has therefore measured the share option at its intrinsic value. The intrinsic value for the share options granted was £0.52 per option at 31 March 2012.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

23 Share-based payment transactions

(continued)

Further details of the share option plans are as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2012	2012 £	2011	2011 £
At 1 April 2011	120,000	0.39	120,000	0.39
Outstanding at 31 March 2012	120,000	0.39	120,000	0.39
			2012 £	2011 £
Expense arising from share and share option plans			62,400	-

No share options were exercised during the year

The share options outstanding at the end of the year had an exercise price of £0.39 and an average remaining contractual life of 5 years

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

24 Related party relationships and transactions

Loans to directors

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
N C R Gill - Director trade debtor account	-	5,101	675	-	-	5,776
W Iselin - Director trade debtor account	-	3,689	-	-	-	3,689
		<u>8,790</u>	<u>675</u>	<u>-</u>	<u>-</u>	<u>9,465</u>

Directors trade debtor accounts do not attract interest charges nor do they have any specific conditions attached to them

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

E Scheiner is a shareholder in Occam Wile Limited, the ultimate parent company. During the year, he provided consultancy services amounting to £24,000 (2011 - £24,000) to David Phillips Furniture Limited

M Ross and T Fonternel, S Louis and J Scherer are shareholders in Occam Wile Limited. During the year, they provided consultancy services amounting to £15,996 (2011 - £15,996) through Scimitar International

All transactions were made on a normal trading basis

N C R. Gill and W Iselin are both directors of Wingham Partners Limited. During the year, Wingham Partners Limited provided services amounting to £25,243 (2011 - £48,448) on normal commercial terms. At the year end, the amount owed to Wingham Partners Limited was £4,342 (2011 - £9,447).