

Company Registration No. 03670521 (England and Wales)

DAVID PHILLIPS FURNITURE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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DAVID PHILLIPS FURNITURE LIMITED

COMPANY INFORMATION

Director	N C R Gill
Secretary	N C R Gill
Company number	03670521
Registered office	4th Floor Imperial House 15 Kingsway London WC2B 6UN
Auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

DAVID PHILLIPS FURNITURE LIMITED

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DAVID PHILLIPS FURNITURE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The director presents the strategic report and audited financial statements for the year ended 31 March 2016.

Fair review of the business

David Phillips is the largest specialist provider of furniture, appliances, design and related services to the residential property sector in the UK. Within this, we focus on 3 major markets:

- (a) the Private Rented Sector, comprising landlords, investors, agents, developers, house builders and Build to Rent participants;
- (b) Social Housing; and
- (d) Student Accommodation.

We stock over 2,000 products, most of which are available for next day delivery. In addition to this, we offer a full range of services including:

- (i) complete furniture packages;
- (ii) furniture replacement
- (iii) furniture rental; and
- (iv) bespoke interior design

with all items delivered, assembled and installed for the customer and old furniture removed and disposed of.

We benefit from a broad customer base, encompassing some of the largest developers and house builders in the UK, individual landlords, and including a full spectrum of sales, lettings and managing agents, both large and small. We have also expanded our range of products and services and now cater to an increasing number of public sector, social housing and student accommodation providers, an area of the business that we believe offers significant opportunities.

Our strategy is focused on maintaining the growth of sales and profit both organically, through the growth of our customer base, product catalogue and range of services; as well as through the sourcing and successful execution of value-adding acquisitions.

Year under review

Overall the year was challenging, and a combination of factors led to a decline in performance: amongst these the general election, delayed projects, specific geographical areas underperforming and personnel changes. Two depots have subsequently been closed and the management team has been strengthened and the current trading year has started very promisingly.

The markets in which David Phillips operate remain strong with long term positive trends; this is reflected in the first half performance of financial year 2017 which has revenue growth of 40% and a substantial EBITDA improvement.

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) the broad housing sector – the overall health of the housing sector impacts our business.

No formal risk management policy is in place but the directors are closely involved in running the business and are proactive in identifying and responding to relevant risks such as pricing, credit and liquidity risk.

DAVID PHILLIPS FURNITURE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Development and performance

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. At the year end the company had a balance sheet net asset value of £2,856,066 and during the year to 31 March 2016 had made a loss of £2,188,917.

Key performance indicators

The management team closely monitors the following KPIs:

- (i) sales growth;
- (ii) gross margin;
- (iii) EBITDA; and
- (iv) net liabilities/current liabilities

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.

On behalf of the board



N C R Gill

Director

22 December 2016

DAVID PHILLIPS FURNITURE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The director presents his report and audited financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company continued to be that of property services.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

N C R Gill

A N Gordon

(Resigned 9 July 2016)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Going concern

The financial statements have been prepared on a going concern basis, further information is disclosed in Note 1 to the financial statements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through meetings and discussing matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Independent auditors

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put at a General Meeting.

DAVID PHILLIPS FURNITURE LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Statement of director's responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 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

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



N C R Gill

Director

22 December 2016

DAVID PHILLIPS FURNITURE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAVID PHILLIPS FURNITURE LIMITED

Report on the financial statements

Our opinion

In our opinion, David Phillips Furniture Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss 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.

What we have audited

The financial statements, including within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements; for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

DAVID PHILLIPS FURNITURE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF DAVID PHILLIPS FURNITURE LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the director

As explained more fully in the Statement of Director's Responsibilities set out on page 4, the director is 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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



Mr Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 December 2016

DAVID PHILLIPS FURNITURE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Revenue	3	37,275,600	31,470,901
Cost of sales		(17,476,785)	(14,323,005)
Gross profit		19,798,815	17,147,896
Administrative expenses		(21,927,781)	(16,282,965)
Operating (loss)/profit	4	(2,128,966)	864,931
Investment income	7	2,111	-
Finance costs	8	(31,063)	(18,977)
(Loss)/profit on ordinary activities before taxation		(2,157,918)	845,954
Taxation on (loss)/profit on ordinary activities	9	(30,999)	(115,613)
(Loss)/profit for the financial year		(2,188,917)	730,341
Other comprehensive income		-	-
Total comprehensive (expense)/income for the year		(2,188,917)	730,341

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

DAVID PHILLIPS FURNITURE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	10		1,129,853		-
Property, plant and equipment	11		2,605,899		2,428,767
Investments	12		200		200
			<u>3,735,952</u>		<u>2,428,967</u>
Current assets					
Inventories	15	3,376,950		2,209,625	
Trade and other receivables	16	8,593,765		8,852,397	
Cash at bank and in hand		435,575		771,964	
		<u>12,406,290</u>		<u>11,833,986</u>	
Creditors: amounts falling due within one year	17				
Bank loan and overdraft	19	1,000,000		3,724	
All other creditors	20	11,953,752		9,041,361	
		<u>12,953,752</u>		<u>9,045,085</u>	
Net current assets excluding bank loan			452,538		2,792,625
Net current (liabilities)/assets			<u>(547,462)</u>		<u>2,788,901</u>
Total assets less current liabilities			3,188,490		5,217,868
Creditors: amounts falling due after more than one year	18		(41,096)		(96,847)
Provisions for liabilities	21		(291,328)		(76,038)
Net assets			<u>2,856,066</u>		<u>5,044,983</u>
Equity					
Called up share capital	24		10		10
Other reserves	25		62,400		62,400
Retained earnings			2,793,656		4,982,573
Total equity			<u>2,856,066</u>		<u>5,044,983</u>

The financial statements on pages 7 to 25 were approved by the Board on 22 December 2016

The financial statements were approved by the board of directors and authorised for issue on 22 December 2016 and are signed on its behalf by:



N C R Gill
Director

Company Registration No. 03670521

DAVID PHILLIPS FURNITURE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Called up share capital £	Other reserves £	Retained earnings £	Total equity £
Balance at 1 April 2014		10	62,400	4,252,232	4,314,642
Year ended 31 March 2015:					
Profit and total comprehensive income for the financial year		-	-	730,341	730,341
Balance at 31 March 2015		10	62,400	4,982,573	5,044,983
Year ended 31 March 2016:					
Loss and total comprehensive expense for the financial year		-	-	(2,188,917)	(2,188,917)
Balance at 31 March 2016		10	62,400	2,793,656	2,856,066

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

David Phillips Furniture Limited is a company limited by shares incorporated in England and Wales. The registered office is 4th Floor, Imperial House, 15 Kingsway, London, WC2B 6UN.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of David Phillips Furniture Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous year are not significantly affected by the transition to FRS 102. As such no adjustments have been made to the financial statements.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

David Phillips Furniture Limited is a wholly owned subsidiary of David Phillips Holdings Limited and the results of David Phillips Furniture Limited are included in the consolidated financial statements of David Phillips Holdings Limited which are available from Companies House.

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.2 Revenue

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

Furniture sales income represents revenue earned by the sale of furniture to customers. Income from furniture rentals is recognised in the financial statements in the period the rental occurs.

1.3 Intangible fixed assets - goodwill

Purchased goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property	over the term of the lease
Plant and machinery	3 to 10 years on cost
Computer equipment	33% on cost
Rental assets	50% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

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.

All accounting policies have been applied consistently.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated economic useful lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment, and note 1.4 for the useful economic lives for each class of assets.

Inventory provisioning

The company's products are subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

Useful economic life of goodwill

The annual amortisation charge for goodwill is sensitive to changes in the estimated economic useful life. This is amended when necessary to reflect current estimates. See note 10 for the carrying value and note 1.3 for the useful economic life of goodwill.

3 Revenue

An analysis of the company's revenue is as follows:

	2016 £	2015 £
Turnover		
Property services	37,275,600	31,470,901
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	2,111	-
	<u> </u>	<u> </u>

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

3 Revenue (Continued)

Revenue analysed by geographical market

	2016 £	2015 £
United Kingdom	37,275,600	31,470,901

4 Operating (loss)/profit

	2016 £	2015 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	11,268	(46,361)
Fees payable to the company's auditors for the audit of the company's financial statements	76,575	53,000
Advisory fees paid to the company's auditors	-	8,000
Depreciation of owned property, plant and equipment	1,592,368	1,253,753
Depreciation of property, plant and equipment held under finance leases	23,823	9,520
Profit on disposal of property, plant and equipment	(324,171)	(504,086)
Amortisation of intangible assets	189,393	-
Cost of inventories recognised as an expense	17,476,785	14,323,005
Operating lease charges	1,340,009	1,050,276

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Sales and distribution	278	197
Administration	50	50
	328	247

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	11,081,040	8,259,545
Social security costs	1,130,560	896,707
Other pension costs	147,970	67,728
	12,359,570	9,223,980

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

6 Director's remuneration

	2016 £	2015 £
Remuneration for qualifying services	355,875	421,411
Company pension contributions to defined contribution schemes	6,900	-
	<u>362,775</u>	<u>421,411</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	225,218	277,704
Company pension contributions to defined contribution schemes	4,400	-
	<u>229,618</u>	<u>277,704</u>

7 Investment income

	2016 £	2015 £
Interest income		
Interest on bank deposits	2,111	-
	<u>2,111</u>	<u>-</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2,111	-
	<u>2,111</u>	<u>-</u>

8 Finance costs

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,322	10,384
Interest on finance leases and hire purchase contracts	13,995	8,037
	<u>23,317</u>	<u>18,421</u>
Other finance costs:		
Other interest	7,746	556
	<u>31,063</u>	<u>18,977</u>

9 Taxation on (loss)/profit on ordinary activities

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current year	(142,712)	155,515
Adjustments in respect of prior years	(40,302)	(73,856)
	<u>(183,014)</u>	<u>81,659</u>

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

9 Taxation on (loss)/profit on ordinary activities (Continued)

Deferred tax		
Origination and reversal of timing differences	214,013	33,954
	<u> </u>	<u> </u>
Total tax charge	<u>30,999</u>	<u>115,613</u>

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2016 £	2015 £
(Loss)/profit on ordinary activities before taxation	<u>(2,157,918)</u>	<u>845,954</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	(431,584)	177,650
Tax effect of expenses that are not deductible in determining taxable profit	56,690	21,238
Adjustments in respect of prior years	(40,302)	(73,856)
Effect of change in corporation tax rate	(16,593)	-
Group relief	137,076	(8,440)
Deferred tax adjustments in respect of prior years	83,389	-
Temporary difference in respect of fixed assets	250,538	-
Other temporary differences	(1,419)	(979)
Temporary difference in respect of losses	(6,796)	-
	<u> </u>	<u> </u>
Tax (credit)/charge for the year	<u>30,999</u>	<u>115,613</u>

10 Goodwill

	Goodwill £
Cost	
At 1 April 2015	431,943
Additions - separately acquired	1,319,246
	<u> </u>
At 31 March 2016	<u>1,751,189</u>
Amortisation and impairment	
At 1 April 2015	431,943
Amortisation charged for the year	189,393
	<u> </u>
At 31 March 2016	<u>621,336</u>
Carrying amount	
At 31 March 2016	<u>1,129,853</u>
	<u> </u>
At 31 March 2015	<u>-</u>

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

11 Property, plant and equipment

	Leasehold property £	Plant and machinery £	Computer equipment £	Rental assets £	Total £
Cost					
At 1 April 2015	478,903	595,549	1,363,726	2,413,331	4,851,509
Additions	157,724	91,735	336,206	1,892,002	2,477,667
Disposals	-	(48,450)	(29,159)	(1,249,221)	(1,326,830)
At 31 March 2016	636,627	638,834	1,670,773	3,056,112	6,002,346
Accumulated depreciation and impairment					
At 1 April 2015	89,794	432,161	662,519	1,238,268	2,422,742
Depreciation charged in the year	80,158	128,512	282,353	1,125,168	1,616,191
Eliminated in respect of disposals	-	(48,450)	(1,467)	(592,569)	(642,486)
At 31 March 2016	169,952	512,223	943,405	1,770,867	3,396,447
Carrying amount					
At 31 March 2016	466,675	126,611	727,368	1,285,245	2,605,899
At 31 March 2015	389,109	163,388	701,207	1,175,063	2,428,767

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	11,411	15,111
Computer equipment	-	1,525
Rental assets	175,292	180,291
	186,703	196,927
Depreciation charge for the year in respect of leased assets	23,823	9,520

12 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	13	200	200

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

12 Fixed asset investments (Continued)

Movements in non-current investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2015 & 31 March 2016	200
Carrying amount	
At 31 March 2016	200
At 31 March 2015	200

13 Subsidiaries

These financial statements are separate company financial statements for David Phillips Furniture Limited.

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
David Phillips (Scotland) Limited	England & Wales Dormant	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
David Phillips (Scotland) Limited	-	200

The registered office of David Phillips (Scotland) Limited is 4th Floor, Imperial House, 15 Kingsway, London, WC2B 6UN

14 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	8,401,633	8,371,449
Carrying amount of financial liabilities		
Measured at amortised cost	11,845,535	7,576,158

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

15 Inventories

	2016 £	2015 £
Finished goods and goods for resale	3,376,950	2,209,625

16 Trade and other receivables

	2016 £	2015 £
Amounts falling due within one year:		
Trade receivables	3,596,285	2,523,202
Payments on account	-	200,340
Amounts owed by group undertakings	3,856,641	5,393,344
Other receivables	948,707	454,903
Prepayments and accrued income	190,855	280,608
	8,592,488	8,852,397

Amounts falling due after one year:

Deferred tax asset (note 22)	1,277	-
Total debtors	8,593,765	8,852,397

Amounts owed by group undertakings are repayable on demand. No interest is payable on these loans.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

17 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	19	1,000,000	3,724
Obligations under finance leases	20	55,710	64,146
Payments received on account		-	1,732,579
Trade payables		5,740,914	2,688,764
Amounts owed to group undertakings		2,718,033	1,778,823
Corporation tax		38,496	491,737
Other taxation and social security		1,110,817	1,074,037
Other payables		376,909	201,592
Accruals and deferred income		1,912,873	1,009,683
		<u>12,953,752</u>	<u>9,045,085</u>

Amounts due to group undertakings are repayable on demand and interest free.

At the year end date of 31st March 2016, the Company was in discussions with lenders regarding the scheduling of its bank facilities. These facilities had been increased from the prior year in order to fund the acquisitions of two companies. At the year end date, the bank had the right to ask for payment within one year and as such the loans have been disclosed as current liabilities within these financial statements and subsequent to the balance sheet date discussions were concluded successfully and £1,000,000 of the total drawn facility of £1,000,000 has been scheduled to fall due greater than one year.

The loan is secured by a debenture comprising fixed and floating charge over the assets of the company and its group companies.

18 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	20	<u>41,096</u>	<u>96,847</u>

19 Borrowings

	2016 £	2015 £
Bank loans	1,000,000	-
Bank overdrafts	-	3,724
	<u>1,000,000</u>	<u>3,724</u>
Payable within one year	<u>1,000,000</u>	<u>3,724</u>

The bank loan is secured by fixed and floating charges over all the assets and undertakings of David Phillips Furniture Limited and other David Phillips Group companies.

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

19 Borrowings

(Continued)

At the year end date of 31st March 2016, the Company was in discussions with lenders regarding the scheduling of its bank facilities. These facilities had been increased from the prior year in order to fund the acquisitions of two companies. At the year end date, the bank had the right to ask for payment within one year and as such the loans have been disclosed as current liabilities within these financial statements and subsequent to the balance sheet date discussions were concluded successfully and £4,700,000 of the total drawn facility of £5,500,000 has been scheduled to fall due greater than one year.

20 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	67,052	77,603
In two to five years	50,236	117,325
	<u>117,288</u>	<u>194,928</u>
Less: future finance charges	(20,482)	(33,935)
	<u>96,806</u>	<u>160,993</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Provisions for liabilities

	Note	2016 £	2015 £
Deferred tax liabilities	22	291,328	76,038
		<u>291,328</u>	<u>76,038</u>

22 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Balances:				
Accelerated capital allowances	291,328	76,038	-	-
Pension contributions	-	-	1,277	-
	<u>291,328</u>	<u>76,038</u>	<u>1,277</u>	<u>-</u>

DAVID PHILLIPS FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

22 Deferred taxation

(Continued)

	2016 £
Movements in the year:	
Liability at 1 April 2015	76,038
Charge to profit or loss	214,013
Liability at 31 March 2016	<u>290,051</u>

The deferred tax asset set out above is expected to reverse within 5 years and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within 5 years and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £147,970 (2015 - £67,728).

24 Called up share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
10 (2015: 10) Ordinary shares of £1 each	<u>10</u>	<u>10</u>

25 Other reserves

The Other Reserve in the Statement of Changes in Equity is a capital contribution reserve as a result of equity settled employee benefits in regard to share options granted by the Company to its employees under its employee share option plan.

26 Financial commitments, guarantees and 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 2016 the amount covered by the guarantee was £5,064,425 (2015 £946,786) in respect of bank loans to the immediate 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 2016

27 Operating lease commitments

Lessee

The operating leases represent leases of property and other assets from third parties. The leases are negotiated over terms of 5-10 years on property and 3-6 years on other assets.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	986,413	1,262,104
Between two and five years	2,075,882	2,815,586
In over five years	511,922	727,063
	<u>3,574,217</u>	<u>4,804,753</u>

28 Related party transactions

Transactions with related parties

N.C.R. Gill is a director of Winghaven Partners Limited. During the year, Winghaven Partners Limited provided services amounting to £Nil (2015 - £2,889) on normal commercial terms. At the year end, the amount owed to Winghaven Partners Limited was £Nil (2015 - £Nil).

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

No guarantees have been given or received.

29 Controlling party

The immediate holding company is Occam Wile Limited. David Phillips Holdings Limited is the ultimate holding company. FF&P Private Equity Limited manages investment funds which hold 59.89% of the ordinary shares in David Phillips Holdings Limited. Consolidated financial statements are prepared for David Phillips Holdings Limited. No one person has overall control.

30 Transition to FRS102

There are no adjustments required to the financial statements on transition to FRS102.