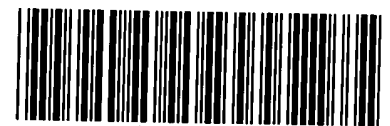


Registrar

Company Registration No. 07375021 (England and Wales)

WHITEMEADOW GROUP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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WHITEMEADOW GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors

I R Oscroft
P G Garnett
A Kitchen
Mr P J Wesson
Mr M Clarridge
P Ainley

Company number

07375021

Registered office

Unit 3A Export Drive
Huthwaite
Sutton in Ashfield
Nottinghamshire
NG17 6AF

Auditor

Baldwins Audit Services Limited
Churchill House
59 Lichfield Street
Walsall
West Midlands
WS4 2BX

WHITEMEADOW GROUP HOLDINGS LIMITED

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WHITEMEADOW GROUP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

The group continues to perform well despite a year of two half's, whilst the growth of the business has continued to be positive through our ability to quickly introduce new product ranges and react to our customers' requirements, the outcome of the vote to leave the EU and price pressures from a devaluing currency market and our suppliers has introduced additional cost to the business throughout the 2nd half a trend that remains today.

We have continued with our replacement and investment policy, which has seen us continue to develop our production sites, as well as invest in our own transport fleet, to improve the flexibility of our production process and meet the changing needs of our customer base.

Our focus is always on costs and 2016 has been the start of a new trend of increased prices from all raw material suppliers and foam suppliers in particular, however the current economic climate is effecting the majority of raw materials used by the business impacted by falling value of sterling against the Euro in particular.

Financial Key Performance Indicators

The key objectives for the business are:

Level of Orders, we continually monitor the levels of orders into and out of the business, this is categorised by customer account and product range, this gives us direct opportunity to enhance ongoing relationships whilst introducing opportunities to new customers, this achieved a positive growth in turnover whilst developing our overall customer base.

Raw Material and Gross Margin tracking are key to the long term success along with the customer base, our material requirement is a key aspect of our product.

We monitor the currency markets on a regular basis, we use a combination of short term forward contracts and spot markets to optimise our exchange rate exposure, this is a key factor in the determination of our raw material cost base.

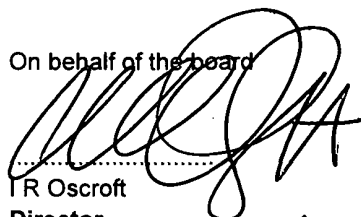
Labour is a key resource to our future, and as such we are investing in the future through training and employee welfare, we work with our key customers and legislation changes to ensure we meet and stay ahead of their requirements, we are proud to employ a wide range of nationalities.

Transport costs are key drivers with the business and have significant impacts on operational efficiencies, the underlying cost structure, and the environment whilst providing our customer base with a quality service, we are constantly challenging this area to develop and improve our service.

Other Key Performance Indicators

Our Sales and Commercial Directors and teams are constantly working with Customers and Suppliers on all aspects of account management, reporting and analysis of areas such as Delivery, Quality, and Performance.

On behalf of the board



I R Oscroft
Director

13/09/17

WHITEMEADOW GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Principal activities

The principal activity of the group is the design, manufacture and sale of upholstered furniture.

Directors

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

I R Oscroft
P G Garnett
A Kitchen
Mr P J Wesson
Mr M Clarridge
P Ainley

Results and dividends

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

Ordinary dividends were paid amounting to £660,202. The directors do not recommend payment of a further dividend.

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 group continues and that the appropriate training is arranged. It is the policy of the group 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 group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, 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.

Auditor

Baldwins Audit Services Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

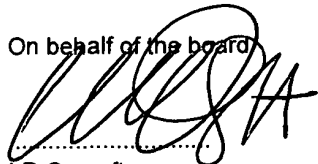
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

WHITEMEADOW GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the board



I R Oscroft

Director

13/09/17

WHITEMEADOW GROUP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WHITEMEADOW GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WHITEMEADOW GROUP HOLDINGS LIMITED

We have audited the financial statements of Whitemeadow Group Holdings Limited for the year ended 31 December 2016 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

WHITEMEADOW GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WHITEMEADOW GROUP HOLDINGS 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Miss Lisa Emery (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

21/9/17

Chartered Accountants
Statutory Auditor

Churchill House
59 Lichfield Street
Walsall
West Midlands
WS4 2BX

WHITEMEADOW GROUP HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	43,692,294	36,081,820
Cost of sales		(29,237,349)	(24,793,662)
Gross profit		14,454,945	11,288,158
Administrative expenses		(10,749,557)	(8,486,532)
Operating profit	4	3,705,388	2,801,626
Interest receivable and similar income	8	73	92
Interest payable and similar charges	9	(108,361)	(104,246)
Profit before taxation		3,597,100	2,697,472
Taxation	10	(700,981)	(650,376)
Profit for the financial year		2,896,119	2,047,096

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

WHITEMEADOW GROUP HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Profit for the year	2,896,119	2,047,096
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,896,119</u>	<u>2,047,096</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

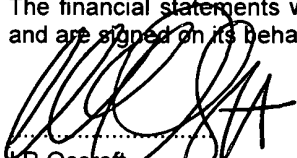
WHITEMEADOW GROUP HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	12	1,421,845		1,658,059	
Tangible assets	13	4,114,042		3,273,269	
		<u>5,535,887</u>		<u>4,931,328</u>	
Current assets					
Stocks	17	1,983,335		1,529,881	
Debtors	18	8,251,353		8,210,189	
Cash at bank and in hand		381,654		355,059	
		<u>10,616,342</u>		<u>10,095,129</u>	
Creditors: amounts falling due within one year	19	<u>(8,418,668)</u>		<u>(7,834,408)</u>	
Net current assets		<u>2,197,674</u>		<u>2,260,721</u>	
Total assets less current liabilities		<u>7,733,561</u>		<u>7,192,049</u>	
Creditors: amounts falling due after more than one year	20	<u>(2,344,456)</u>		<u>(2,223,710)</u>	
Provisions for liabilities	23	<u>(70,770)</u>		<u>(23,998)</u>	
Net assets		<u><u>5,318,335</u></u>		<u><u>4,944,341</u></u>	
Capital and reserves					
Called up share capital	25	28,873		57,747	
Other reserve		-		1,833,049	
Profit and loss reserves		5,289,462		3,053,545	
Total equity		<u><u>5,318,335</u></u>		<u><u>4,944,341</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 13/09/17 and are signed on its behalf by:


R Oscoff
Director

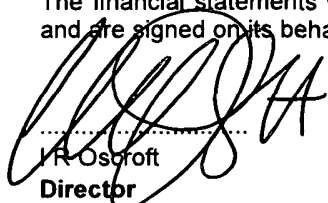
WHITEMEADOW GROUP HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	13	2,725,922		2,805,575	
Investments	14	1,861,621		1,861,621	
		<u>4,587,543</u>		<u>4,667,196</u>	
Current assets					
Debtors	18	1,834		388,865	
Cash at bank and in hand		15,722		48,529	
		<u>17,556</u>		<u>437,394</u>	
Creditors: amounts falling due within one year	19	(991,043)		(345,689)	
Net current (liabilities)/assets		<u>(973,487)</u>		<u>91,705</u>	
Total assets less current liabilities		3,614,056		4,758,901	
Creditors: amounts falling due after more than one year	20	(1,600,000)		(2,160,000)	
Net assets		<u>2,014,056</u>		<u>2,598,901</u>	
Capital and reserves					
Called up share capital	25	28,873		57,747	
Other reserve		-		1,833,049	
Profit and loss reserves		1,985,183		708,105	
Total equity		<u>2,014,056</u>		<u>2,598,901</u>	

The financial statements were approved by the board of directors and authorised for issue on 13/09/17 and are signed on its behalf by:


 J R Osroft
 Director

Company Registration No. 07375021

WHITEMEADOW GROUP HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Own shares £	Profit and loss reserves £	Total £
Balance at 1 January 2015		57,747	1,833,049	1,556,456	3,447,252
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	2,047,096	2,047,096
Dividends	11	-	-	(550,007)	(550,007)
Balance at 31 December 2015		57,747	1,833,049	3,053,545	4,944,341
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	2,896,119	2,896,119
Dividends	11	-	-	(660,202)	(660,202)
Redemption of shares	25	(28,874)	-	-	(28,874)
Other movements		-	(1,833,049)	-	(1,833,049)
Balance at 31 December 2016		28,873	-	5,289,462	5,318,335

WHITEMEADOW GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Merger reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2015		57,747	1,833,049	733,916	2,624,712
Period ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	524,196	524,196
Dividends	11	-	-	(550,007)	(550,007)
Balance at 31 December 2015		57,747	1,833,049	708,105	2,598,901
Period ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	1,937,280	1,937,280
Dividends	11	-	-	(660,202)	(660,202)
Redemption of shares	25	(28,874)	-	-	(28,874)
Other		-	(1,833,049)	-	(1,833,049)
Balance at 31 December 2016		28,873	-	1,985,183	2,014,056

WHITEMEADOW GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	31	4,413,327		1,882,361	
Interest paid		(108,361)		(104,246)	
Income taxes paid		(643,464)		(346,043)	
Net cash inflow from operating activities		3,661,502		1,432,072	
Investing activities					
Purchase of tangible fixed assets		(1,233,247)		(3,170,308)	
Proceeds on disposal of tangible fixed assets		74,826		11,300	
Interest received		73		92	
Net cash used in investing activities		(1,158,348)		(3,158,916)	
Financing activities					
Repayment of other reserve		(1,833,049)		-	
Repayment of borrowings		(670)		-	
Repayment of bank loans		(360,000)		2,420,000	
Payment of finance leases obligations		377,362		63,857	
Dividends paid to equity shareholders		(660,202)		(550,007)	
Net cash (used in)/generated from financing activities		(2,476,559)		1,933,850	
Net increase in cash and cash equivalents		26,595		207,006	
Cash and cash equivalents at beginning of year		355,059		148,053	
Cash and cash equivalents at end of year		381,654		355,059	

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Whitemeadow Group Holdings Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Unit 3A, Export Drive, Huthwaite, Nottinghamshire, NG17 6AF

The Group consists of Whitemeadow Group Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of 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 under 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.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,937,280 (2015 - £524,196 profit).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Whitemeadow Group Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

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

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and ~~the nominal amount received is recognised as interest income.~~

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 15 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets 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:

Land and buildings Freehold	15 - 40 years straight line
Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% - 33% straight line
Motor vehicles	25% straight line

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 recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.11 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 debtors 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 group 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.

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 group after deducting all of its liabilities.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, 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 creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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 through 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 group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group 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 group.

1.13 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 profit and loss account 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 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 profit and loss account, 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 if, and only if, there is 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.

1.14 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 fixed 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.

1.15 Retirement benefits

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

1.16 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account 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.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are 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.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
Turnover		
Sale of goods less discounts	43,692,294	36,081,820
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	73	92
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2016 £	2015 £
United Kingdom	41,437,808	34,120,185
Rest of European Union	2,254,486	1,961,635
	<u>43,692,294</u>	<u>36,081,820</u>

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	251,451	114,943
Depreciation of owned tangible fixed assets	295,487	231,412
Depreciation of tangible fixed assets held under finance leases	72,820	30,425
Profit on disposal of tangible fixed assets	(50,660)	(11,300)
Amortisation of intangible assets	236,214	240,759
Cost of stocks recognised as an expense	21,811,214	18,674,184
Operating lease charges	751,274	586,469
	<u> </u>	<u> </u>

There is a limited liability agreement in place with the auditors Baldwins Audit Services Limited, this was approved with a written resolution dated 16 December 2016.

WHITEMEADOW GROUP HOLDINGS LIMITED

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

5 Auditors' remuneration

	2016 £	2015 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the parent and company's subsidiaries	19,300	19,300
	<u>19,300</u>	<u>19,300</u>

6 Employees

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

2016 Number	2015 Number
403	311
40	27
<u>443</u>	<u>338</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	11,584,474	9,022,789
Social security costs	928,768	666,122
Pension costs	182,555	165,620
	<u>12,695,797</u>	<u>9,854,531</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	1,197,552	962,838
Company pension contributions to defined contribution schemes	84,992	70,992
	<u>1,282,544</u>	<u>1,033,830</u>

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

Remuneration for qualifying services	<u>375,385</u>	<u>222,820</u>
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WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2015 - 4).

The value of the contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £33,000 (2015 - £33,000).

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	73	92

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	73	92
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9 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	88,237	101,851
Interest on finance leases and hire purchase contracts	20,117	2,395
	108,354	104,246
Other finance costs:		
Other interest	7	-
Total finance costs	108,361	104,246

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	774,146	591,740
Adjustments in respect of prior periods	(119,937)	(3,063)
Total current tax	654,209	588,677
Deferred tax		
Origination and reversal of timing differences	46,772	61,699
Total tax charge	700,981	650,376

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	3,597,100	2,697,472
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	719,420	539,494
Tax effect of expenses that are not deductible in determining taxable profit	44,558	38,923
Adjustments in respect of prior years	(119,937)	(3,063)
Other non-reversing timing differences	46,772	61,699
Non-tax deductible amortisation of goodwill	47,243	48,754
Depreciation in excess of capital allowances	(26,943)	(35,431)
Profit on sale of fixed asset	(10,132)	-
Tax expense for the year	700,981	650,376

11 Dividends

	2016 £	2015 £
Final paid	660,202	550,007

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2016 and 31 December 2016	2,609,491
Amortisation and impairment	
At 1 January 2016	951,432
Amortisation charged for the year	236,214
At 31 December 2016	1,187,646
Carrying amount	
At 31 December 2016	1,421,845
At 31 December 2015	1,658,059

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Tangible fixed assets

Group	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2016	2,872,800	758,041	1,005,528	325,837	4,962,206
Additions	-	231,545	115,622	886,080	1,233,247
Disposals	-	-	-	(205,973)	(205,973)
At 31 December 2016	2,872,800	989,586	1,121,150	1,005,944	5,989,480
Depreciation and impairment					
At 1 January 2016	67,225	598,789	812,948	209,975	1,688,937
Depreciation charged in the year	79,653	65,190	92,833	130,631	368,307
Eliminated in respect of disposals	-	-	-	(181,806)	(181,806)
At 31 December 2016	146,878	663,979	905,781	158,800	1,875,438
Carrying amount					
At 31 December 2016	2,725,922	325,607	215,369	847,144	4,114,042
At 31 December 2015	2,805,575	159,252	192,580	115,862	3,273,269

Company

Land and buildings Freehold

	£
Cost	
At 1 January 2016 and 31 December 2016	2,872,800
Depreciation and impairment	
At 1 January 2016	67,225
Depreciation charged in the year	79,653
At 31 December 2016	146,878
Carrying amount	
At 31 December 2016	2,725,922
At 31 December 2015	2,805,575

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Tangible fixed assets

(Continued)

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

	Group 2016 £	2015 £	Company 2016 £	2015 £
Motor vehicles	414,328	91,695	-	-
Computer equipment	63,179	14,695	-	-
	<u>477,507</u>	<u>106,390</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	<u>72,820</u>	<u>30,425</u>	<u>-</u>	<u>-</u>

14 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	15	-	-	1,861,621	1,861,621

15 Subsidiaries

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

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct Indirect	
Whitemeadow Furniture Limited	United Kingdom	Design, manufacture and sale of upholstered furniture	Ordinary	100.00	
W M Frames Limited	United Kingdom	Dormant	Ordinary		100.00

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

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Whitemeadow Furniture Limited	2,418,162	5,185,555
W M Frames Limited		111,992

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	7,875,622	7,862,048	1,834	388,865
Carrying amount of financial liabilities				
Measured at amortised cost	9,650,741	8,938,530	2,435,889	2,465,892

17 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	1,672,192	1,383,928	-	-
Work in progress	141,862	94,583	-	-
Finished goods and goods for resale	169,281	51,370	-	-
	1,983,335	1,529,881	-	-

18 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	7,836,624	7,821,905	-	-
Unpaid share capital	-	28,873	-	28,873
Amounts due from subsidiary undertakings	-	-	-	358,158
Other debtors	38,998	11,270	1,834	1,834
Prepayments and accrued income	375,731	348,141	-	-
	8,251,353	8,210,189	1,834	388,865

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	21	460,000	260,000	460,000	260,000
Obligations under finance leases	22	113,673	34,944	-	-
Trade creditors		3,188,633	2,854,803	-	-
Corporation tax payable		441,610	430,865	145,458	20,405
Other taxation and social security		670,773	688,723	9,696	19,392
Other creditors		2,185,685	2,299,352	-	-
Accruals and deferred income		1,358,294	1,265,721	375,889	45,892
		<u>8,418,668</u>	<u>7,834,408</u>	<u>991,043</u>	<u>345,689</u>

20 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	21	1,600,000	2,160,000	1,600,000	2,160,000
Obligations under finance leases	22	362,343	63,710	-	-
Other creditors		382,113	-	-	-
		<u>2,344,456</u>	<u>2,223,710</u>	<u>1,600,000</u>	<u>2,160,000</u>

The bank facilities are secured by a fixed and floating charge over the assets of the group.

Finance lease and hire purchase creditors are secured on the assets concerned.

21 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	<u>2,060,000</u>	<u>2,420,000</u>	<u>2,060,000</u>	<u>2,420,000</u>
Payable within one year	460,000	260,000	460,000	260,000
Payable after one year	<u>1,600,000</u>	<u>2,160,000</u>	<u>1,600,000</u>	<u>2,160,000</u>

The long-term loans are secured by

Legal charge over Unit 1, Export Drive, Huthwaite, Sutton in Ashfield, NG17 6AF and Orchard Way, Sutton in Ashfield, NG17 1JU;

Intercompany guarantee between Whitemeadow Group Holdings and Whitemeadow Furniture Limited;

Debenture over all asset of the company;

Subordination Deed with I R Oscroft, P G Garnett, A Kitchen, P Wesson.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

21 Loans and overdrafts

(Continued)

22 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	113,673	34,944	-	-
In two to five years	362,343	63,710	-	-
	<u>476,016</u>	<u>98,654</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group 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. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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 £
Group		
ACAs	<u>70,770</u>	<u>23,998</u>

	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 January 2016	23,998	-
Charge to profit or loss	<u>46,772</u>	<u>-</u>
Liability at 31 December 2016	<u>70,770</u>	<u>-</u>

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

24 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	182,555	165,620

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
28,572 Ordinary of £1 each	28,572	57,145
301 A Ordinary of £1 each	301	602
	<u>28,873</u>	<u>57,747</u>

26 Operating lease commitments

Lessee

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

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Within one year	406,297	739,666	-	-
Between two and five years	1,414,148	2,692,642	-	-
In over five years	639,981	1,936,442	-	-
	<u>2,460,426</u>	<u>5,368,750</u>	<u>-</u>	<u>-</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Acquisition of property, plant and equipment	-	542,000	-	-

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

28 Controlling party

In the opinion of the directors the controlling and ultimate controlling party is I R Oscroft by way of majority share ownership.

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	1,282,544	1,033,830

No guarantees have been given or received.

During the year the group made sales to Momento Furniture Designs Limited, a company in which Mr M Clarridge is director of both companies, totalling £Nil (2015 - £276,654).

Rental amounts were paid by the group to I R Oscroft's pension scheme. I R Oscroft is a director of Whitemeadow Group Holdings Limited. The annual rent paid to I R Oscroft's pension scheme was £41,140 (2015 - £41,140).

30 Directors' transactions

Amounts payable from Whitemeadow Furniture Limited to the directors as at 31 December 2016 totalled £1,012,113 (2015 -£nil).

Dividends totalling £660,202 (2015 - £550,007) were paid in the year in respect of shares held by the company's directors.

WHITEMEADOW GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

31 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	2,896,119	2,047,096
Adjustments for:		
Taxation charged	700,981	650,376
Finance costs	108,361	104,246
Investment income	(73)	(92)
Gain on disposal of tangible fixed assets	(50,660)	(11,300)
Amortisation and impairment of intangible assets	236,214	240,759
Depreciation and impairment of tangible fixed assets	368,307	261,837
Movements in working capital:		
(Increase) in stocks	(453,454)	(246,112)
(Increase) in debtors	(70,037)	(1,719,637)
Increase in creditors	676,899	555,188
Cash generated from operations	4,412,657	1,882,361

32 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

33 Auditor's liability limitation agreement

In accordance with Companies Act 2006 (s538), we are required to disclose any auditor liability limitation agreements in effect.

A resolution was passed dated 16 December 2016 which limits the liability of the auditor to £5m for any loss or damage suffered by Whitemeadow Group Holdings Limited arising out of or in connection with the provision of the services provided by the auditor including negligence but not willful default.