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Company Registration No. 09392913 (England and Wales)

STEVRO (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 AUGUST 2016



STEVRO (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mr Stephen Martin Durrans Mr Roger Edward Durrans
Company number	09392913
Registered office	Dewsbury Mills Thornhill Road Dewsbury West Yorkshire England WF12 9QE
Auditor	BHP Clough & Company LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB

STEVRO (HOLDINGS) LIMITED

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STEVRO (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 27 AUGUST 2016

The directors present the strategic report for the year ended 27 August 2016.

Fair review of the business

The board is pleased with the results. The group has grown in line with targets and achieved greater market penetration, both at home and abroad.

The business has invested significantly in further strengthening the management team and continues to invest in new product development, marketing and infrastructure to ensure the maximum potential future growth is achieved.

Export sales have steadily grown while the board has focused on building a strong infrastructure to deliver much higher growth worldwide over the next year and beyond.

Principal risks and uncertainties

Principal risks are increases to core costs such as material, distribution and labour rates. Continued innovation and investment in modern production techniques, product development and training are ongoing to reduce any potential vulnerability to these threats.

Key performance indicators

	Unit	2016	2015
Turnover	£	11,027,002	5,370,150
Gross profit margin	%	21	20
Profit on ordinary activities before taxation	£	518,789	218,388

On behalf of the board



Mr Stephen Martin Durrans

Director

24/04/17

STEVRO (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 27 AUGUST 2016

The directors present their annual report and financial statements for the year ended 27 August 2016.

Principal activities

The principal activity of the company is that of a holding company.

The principal activity of the group is the manufacture and sale of tubular and 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:

Mr Stephen Martin Durrans
Mr Roger Edward Durrans

Results and dividends

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

Ordinary dividends were paid amounting to £105,000. The directors do not recommend payment of a further dividend.

Directors' insurance

During the year the group provided professional indemnity insurance on behalf of the directors.

Financial instruments

Treasury operations and financial instruments

The company's principal financial instruments comprise bank balances, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the company's operations.

Liquidity risk

In respect of bank balances, liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the company's cash balances are held in such a way that achieves a competitive interest rate.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Interest rate risk

Loans comprise loans from financial institutions. The interest rate and monthly repayments on the loans from financial institutions are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

STEVRO (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 27 AUGUST 2016

Foreign currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Objectives and policies

The overall commercial objective of the group, as the market leader in its sector, is to continue to grow the overall market size through continued innovation and wider world distribution of the brand. The group has a strong team ethic and is passionate about its workforce and will continue to invest in people.

Auditor

The auditor, BHP Clough & Company LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

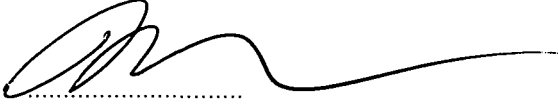
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors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

STEVRO (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 27 AUGUST 2016

On behalf of the board



Mr Stephen Martin Durrans

Director

.....24/24/10

STEVRO (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STEVRO (HOLDINGS) LIMITED

We have audited the financial statements of Stevro (Holdings) Limited for the year ended 27 August 2016 set out on pages 7 to 32. 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 set out on pages 2 - 4, 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 27 August 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.

STEVRO (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF STEVRO (HOLDINGS) LIMITED

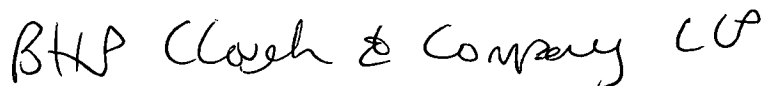
Matters on which we are required to report by exception

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.

Lesley Kendrew (Senior Statutory Auditor)

for and on behalf of BHP Clough & Company LLP, Statutory Auditor



BHP Clough & Company LLP, Statutory Auditor

New Chartford House

Centurion Way

Cleckheaton

Bradford

West Yorkshire

BD19 3QB

27 April 2017

STEVRO (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 27 AUGUST 2016

	Notes	2016 £	2015 £
Turnover	3	11,027,002	5,370,150
Cost of sales		(8,691,040)	(4,269,581)
Gross profit		2,335,962	1,100,569
Administrative expenses		(1,740,977)	(844,187)
Operating profit	4	594,985	256,382
Interest receivable and similar income	8	-	8
Interest payable and similar charges	9	(76,196)	(38,002)
Profit before taxation		518,789	218,388
Taxation	10	1,200	(49,312)
Profit for the financial year		519,989	169,076

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

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

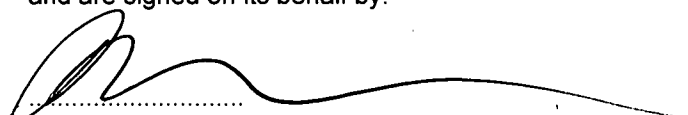
STEVRO (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 27 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	12	2,590,963		2,731,649	
Tangible assets	13	530,639		447,980	
		<u>3,121,602</u>		<u>3,179,629</u>	
Current assets					
Stocks	17	693,599		624,943	
Debtors	18	2,874,236		2,395,498	
Cash at bank and in hand		1,106,217		822,827	
		<u>4,674,052</u>		<u>3,843,268</u>	
Creditors: amounts falling due within one year	19	<u>(4,203,220)</u>		<u>(3,755,009)</u>	
Net current assets		<u>470,832</u>		<u>88,259</u>	
Total assets less current liabilities		<u>3,592,434</u>		<u>3,267,888</u>	
Creditors: amounts falling due after more than one year	20	(303,458)		(410,601)	
Provisions for liabilities	23	(79,910)		(63,210)	
Net assets		<u><u>3,209,066</u></u>		<u><u>2,794,077</u></u>	
Capital and reserves					
Called up share capital	25	88		88	
Share premium account		2,624,913		2,624,913	
Profit and loss reserves		584,065		169,076	
Total equity		<u><u>3,209,066</u></u>		<u><u>2,794,077</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 24/04/17 and are signed on its behalf by:


 Mr Stephen Martin Durrans
 Director

STEVRO (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 27 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	14	3,015,000		3,015,000	
Current assets					
Cash at bank and in hand		1		1	
Creditors: amounts falling due within one year	19	(266,150)		(164,050)	
Net current liabilities		(266,149)		(164,049)	
Total assets less current liabilities		2,748,851		2,850,951	
Creditors: amounts falling due after more than one year	20	(120,000)		(240,000)	
Net assets		2,628,851		2,610,951	
Capital and reserves					
Called up share capital	25	88		88	
Share premium account		2,624,913		2,624,913	
Profit and loss reserves		3,850		(14,050)	
Total equity		2,628,851		2,610,951	

The financial statements were approved by the board of directors and authorised for issue on ...24/24/17... and are signed on its behalf by:



Mr Stephen Martin Durrans
Director

Company Registration No. 09392913

STEVRO (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 27 AUGUST 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 16 January 2015		-	-	-	-
Year ended 31 August 2015:					
Profit and total comprehensive income for the year		-	-	169,076	169,076
Issue of share capital	25	88	2,624,913	-	2,625,001
Balance at 31 August 2015		88	2,624,913	169,076	2,794,077
Year ended 27 August 2016:					
Profit and total comprehensive income for the year		-	-	519,989	519,989
Dividends	11	-	-	(105,000)	(105,000)
Balance at 27 August 2016		88	2,624,913	584,065	3,209,066

STEVRO (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 27 AUGUST 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 16 January 2015		-	-	-	-
Year ended 31 August 2015:					
Loss and total comprehensive income for the year		-	-	(14,050)	(14,050)
Issue of share capital	25	88	2,624,913	-	2,625,001
Balance at 31 August 2015		88	2,624,913	(14,050)	2,610,951
Year ended 27 August 2016:					
Profit and total comprehensive income for the year		-	-	122,900	122,900
Dividends	11	-	-	(105,000)	(105,000)
Balance at 27 August 2016		88	2,624,913	3,850	2,628,851

STEVRO (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 27 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	30		518,548		(489,533)
Interest paid			(76,196)		(38,002)
Net cash inflow/(outflow) from operating activities			442,352		(527,535)
Investing activities					
Purchase of intangible assets		-		(2,824,559)	
Purchase of tangible fixed assets		(95,562)		(120,164)	
Proceeds on disposal of tangible fixed assets		-		4,500	
Cost of intangibles at acquisition		-		(1)	
Cost of tangibles at acquisition		-		(745,974)	
Proceeds on disposal of joint ventures		-		391,006	
Interest received		-		8	
Net cash used in investing activities			(95,562)		(3,295,184)
Financing activities					
Proceeds from issue of shares		-		2,625,001	
Proceeds from borrowings		-		200,000	
Repayment of bank loans		(66,667)		-	
Payment of finance leases obligations		(36,725)		(14,386)	
Dividends paid to equity shareholders		(105,000)		-	
Net cash (used in)/generated from financing activities			(208,392)		2,810,615
Net increase/(decrease) in cash and cash equivalents			138,398		(1,012,104)
Cash and cash equivalents at beginning of year			(1,012,104)		-
Cash and cash equivalents at end of year			(873,706)		(1,012,104)
Relating to:					
Cash at bank and in hand			1,106,217		822,827
Bank overdrafts included in creditors payable within one year			(1,979,923)		(1,834,931)

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 AUGUST 2016

1 Accounting policies

Company information

Stevro (Holdings) Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Dewsbury Mills, Thornhill Road, Dewsbury, West Yorkshire, England, WF12 9QE.

The group consists of Stevro (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.

These group and company financial statements for the year ended 27 August 2016 are the first financial statements of Stevro (Holdings) Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 16 January 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 31.

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 £122,900 (2015 - £14,050 loss).

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.

The consolidated financial statements incorporate those of Stevro (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 27 August 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.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 27 AUGUST 2016

1 Accounting policies

(Continued)

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 of 20 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.

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:

Short leasehold land and buildings	25% straight line
Plant and equipment	10% and 25% reducing balance and 100% straight line
Office equipment	33% 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.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 27 AUGUST 2016

1 Accounting policies

(Continued)

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.

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.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

1 Accounting policies

(Continued)

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.

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 balance sheet 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.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

1 Accounting policies

(Continued)

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.

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.

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.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

1 Accounting policies

(Continued)

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.

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.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

1 Accounting policies

(Continued)

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.

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	11,027,002	5,370,150
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	-	8
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2016 £	2015 £
UK	10,620,626	5,187,193
Exports	406,376	182,957
	<u>11,027,002</u>	<u>5,370,150</u>

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(120,237)	(30,867)
Depreciation of owned tangible fixed assets	150,560	141,538
Depreciation of tangible fixed assets held under finance leases	12,343	14,778
(Profit)/loss on disposal of tangible fixed assets	-	902
Amortisation of intangible assets	140,686	82,067
Cost of stocks recognised as an expense	6,535,237	3,300,426
Operating lease charges	22,061	16,287
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2,300	2,300
Audit of the company's subsidiaries	3,350	2,046
	<u>5,650</u>	<u>4,346</u>
For other services		
Taxation compliance services	800	800
	<u>800</u>	<u>800</u>

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

6 Employees

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

	2016 Number	2015 Number
Administration and support	11	11
Production	106	80
Sales	6	4
	<u>123</u>	<u>95</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,482,855	1,064,795
Social security costs	172,132	135,582
Pension costs	16,312	16,486
	<u>2,671,299</u>	<u>1,216,863</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	154,107	39,682
Company pension contributions to defined contribution schemes	5,637	2,275
	<u>159,744</u>	<u>41,957</u>

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	-	8
	<u>-</u>	<u>8</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	8
	<u>-</u>	<u>8</u>

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

9 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	31,507	15,668
Interest on invoice finance arrangements	30,189	13,334
	<u>61,696</u>	<u>29,002</u>
Other finance costs:		
Other interest	14,500	9,000
	<u>14,500</u>	<u>9,000</u>
Total finance costs	<u><u>76,196</u></u>	<u><u>38,002</u></u>

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	124,600	39,667
Adjustments in respect of prior periods	(142,500)	-
	<u>(17,900)</u>	<u>39,667</u>
Deferred tax		
Origination and reversal of timing differences	16,700	9,645
	<u>16,700</u>	<u>9,645</u>
Total tax charge	<u>(1,200)</u>	<u>49,312</u>

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	518,789	218,388
	<u>518,789</u>	<u>218,388</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	103,758	43,678
Tax effect of expenses that are not deductible in determining taxable profit	324	4,658
Change in unrecognised deferred tax assets	3,416	25
Adjustments in respect of prior years	(142,500)	-
Effect of change in corporation tax rate	-	1,973
Group relief	-	(2,190)
Other non-reversing timing differences	415	(310)
Other permanent differences	33,387	1,723
Tax at marginal rate	-	(245)
	<u>(1,200)</u>	<u>49,312</u>
Tax expense for the year	<u>(1,200)</u>	<u>49,312</u>

11 Dividends

	2016 £	2015 £
Dividends paid	105,000	-
	<u>105,000</u>	<u>-</u>

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 September 2015 and 27 August 2016	2,813,716
Amortisation and impairment	
At 1 September 2015	82,067
Amortisation charged for the year	140,686
At 27 August 2016	222,753
Carrying amount	
At 27 August 2016	2,590,963
At 31 August 2015	2,731,649

The company had no intangible fixed assets at 27 August 2016 or 27 August 2015.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

13 Tangible fixed assets

Group	Short leasehold land and buildings £	Plant and equipment £	Office equipment £	Total £
Cost				
At 1 September 2015	146,264	671,482	102,579	920,325
Additions	1,410	235,744	8,408	245,562
At 27 August 2016	147,674	907,226	110,987	1,165,887
Depreciation and impairment				
At 1 September 2015	93,740	300,746	77,859	472,345
Depreciation charged in the year	35,091	109,434	18,378	162,903
At 27 August 2016	128,831	410,180	96,237	635,248
Carrying amount				
At 27 August 2016	18,843	497,046	14,750	530,639
At 31 August 2015	52,524	370,736	24,720	447,980

The company had no tangible fixed assets at 27 August 2016 or 27 August 2015.

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 £
Plant and equipment	187,030	49,373	-	-
Depreciation charge for the year in respect of leased assets	12,343	14,778	-	-

14 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	15	-	-	3,015,000	3,015,000

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

15 Subsidiaries

Details of the company's subsidiaries at 27 August 2016 are as follows:

Name of undertaking	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Stevro Limited	the manufacture and sale of tubular and upholstered furniture.	Ordinary	100.00	

16 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,809,908	2,255,354	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	2,271,726	2,416,718	421,150	404,050

17 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	393,188	387,511	-	-
Finished goods and goods for resale	300,411	237,432	-	-
	693,599	624,943	-	-

18 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	2,780,817	2,226,263	-	-
Other debtors	29,091	29,091	-	-
Prepayments and accrued income	64,328	140,144	-	-
	2,874,236	2,395,498	-	-

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 27 AUGUST 2016

19 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	21	2,046,590	1,901,598	-	-
Obligations under finance leases	22	51,531	17,780	-	-
Other borrowings	21	120,000	120,000	120,000	120,000
Trade creditors		1,672,892	1,444,246	-	-
Amounts due to group undertakings		-	-	67,035	27,775
Corporation tax payable		50,100	68,000	-	-
Other taxation and social security		128,764	153,065	-	-
Other creditors		105,433	29,518	76,165	-
Accruals and deferred income		27,910	20,802	2,950	16,275
		<u>4,203,220</u>	<u>3,755,009</u>	<u>266,150</u>	<u>164,050</u>

20 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	21	66,666	133,333	-	-
Obligations under finance leases	22	116,792	37,268	-	-
Other borrowings	21	120,000	240,000	120,000	240,000
		<u>303,458</u>	<u>410,601</u>	<u>120,000</u>	<u>240,000</u>

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

21 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	133,333	200,000	-	-
Bank overdrafts	1,979,923	1,834,931	-	-
Other loans	240,000	360,000	240,000	360,000
	<u>2,353,256</u>	<u>2,394,931</u>	<u>240,000</u>	<u>360,000</u>
Payable within one year	2,166,590	2,021,598	120,000	120,000
Payable after one year	<u>186,666</u>	<u>373,333</u>	<u>120,000</u>	<u>240,000</u>

The long-term loans are secured by fixed charges over all present freehold and leasehold property.

Bank overdrafts include invoice financing which is secured with a fixed charge over book and other debts.

The long term loan is repaid by monthly instalments of £5,861.41 and incurs an interest charge of 3% per annum.

22 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	51,531	17,780	-	-
In two to five years	116,792	37,268	-	-
	<u>168,323</u>	<u>55,048</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. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

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		
Accelerated capital allowances	81,150	63,550
Other timing differences	(1,240)	(340)
	<u>79,910</u>	<u>63,210</u>

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 September 2015	63,210	-
Charge to profit or loss	16,700	-
	<u>79,910</u>	<u>-</u>
Liability at 27 August 2016		

24 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>16,312</u>	<u>16,486</u>

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.

Contributions totalling £10,317 (2015 - £2,809) were payable to the scheme at the end of the period and are included in creditors.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

25 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
2,600 Ordinary 'A' shares of 1p each	26	26
1,800 Ordinary 'B' shares of 1p each	18	18
4,400 Ordinary 'D' shares of 1p each	44	44
	<u>88</u>	<u>88</u>

Each share is entitled to one vote under any circumstances. Each share has equal rights to dividends. Each share is entitled to participate in a distribution arising from a winding up of the company.

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	24,325	16,643	-	-
Between two and five years	14,977	90,282	-	-
	<u>39,302</u>	<u>106,925</u>	<u>-</u>	<u>-</u>

27 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	<u>225,483</u>	<u>128,277</u>

No guarantees have been given or received.

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 27 AUGUST 2016

28 Directors' transactions

Dividends totalling £105,000 (2015 - £0) were paid in the year in respect of shares held by the company's directors.

Description	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Mr Roger Edward Durrans -	-	8,835	-	(50,000)	(41,165)
Mr Stephen Martin Durrans -	-	-	-	(35,000)	(35,000)
	-	8,835	-	(85,000)	(76,165)

29 Controlling party

The company is controlled by the directors who own 80% of the called up share capital.

30 Cash generated from group operations

	2016 £	2015 £
Profit for the year	519,989	169,076
Adjustments for:		
Taxation (credited)/charged	(1,200)	49,312
Finance costs	76,196	38,002
Investment income	-	(8)
(Gain)/loss on disposal of tangible fixed assets	-	902
Amortisation and impairment of intangible assets	140,686	82,067
Depreciation and impairment of tangible fixed assets	162,903	91,184
(Decrease)/increase in provisions	-	53,565
Movements in working capital:		
(Increase) in stocks	(68,656)	(624,943)
(Increase) in debtors	(478,738)	(2,384,654)
Increase in creditors	167,368	2,035,964
Cash generated from/(absorbed by) operations	518,548	(489,533)

STEVRO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 AUGUST 2016

31 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

	Notes	1 September 2014 £	27 August 2015 £
Equity as reported under previous UK GAAP		-	2,876,144
Adjustments arising from transition to FRS 102:			
Amortisation of goodwill		-	(82,067)
Equity reported under FRS 102		-	2,794,077

Reconciliation of group profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		251,143
Adjustments arising from transition to FRS 102:		
Amortisation of goodwill		(82,067)
Profit reported under FRS 102		169,076

Notes to reconciliations on adoption of FRS 102 - group

Under FRS 102, Goodwill is considered to have a finite useful life, and is to be amortised on a systematic basis over its life.