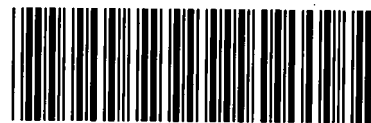

DENNIS & ROBINSON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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DENNIS & ROBINSON LIMITED

COMPANY INFORMATION

Directors	M A Hegdal E A Prescott J A Wassberg A J Lord (resigned 17 September 2019) K E Ayling (appointed 26 February 2020)
Company secretary	K E Ayling
Registered number	00460938
Registered office	Paula Rosa Manhattan Blenheim Road Lancing Business Park Lancing West Sussex BN15 8UH
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Savannah House 3 Ocean Way Ocean Village Southampton SO14 3TJ
Bankers	Nordea Bank Finland PLC 8th Floor City Place House 55 Basinghall Street London EC2V 5NB
Solicitors	Bennett Griffin LLP 11 Sea Lane Ferring West Sussex BN12 5DR

DENNIS & ROBINSON LIMITED

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DENNIS & ROBINSON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their Strategic report for Dennis & Robinson Limited (the "company") for the year ended 31 December 2019. The Company is a wholly owned subsidiary of Ballingslov International AB, which is part of the Stena AB.

Business review

The business incurred an operating loss in 2019 of £462,000 (2018: loss £4,439,000) on sales of £37,316,000 (2018: £36,397,000) due to improved gross margin and 9% reduction in overheads. Revenue increased in the year by 2.5% (2018: declined by 11.6%) and revenue per employee increased by 11.5% (2018: declined by 9.2%) as a result of previously delayed sites and the increased orderbook having reached the point of installation.

Order intake increased by 9% with a new sales team in place and further growth in sales is expected for 2020. The company conducted a re-organization in November to further reduce costs and has a continued focus on lowering its breakeven point into 2020.

During the year there was a £3m contribution towards the pension deficit (2018: £nil).

The company has examined supply chain vulnerabilities to possible disruption from UK plans for exiting the European Union and will bring forward key deliveries to act as a short-term buffer.

Principal risks and uncertainties

The directors consider the principal risks facing the company result from any decline in the UK housing market, the loss of a number of significant customers, competitor activity, maintaining operational efficiency and the availability and price of raw materials and skilled labour. At the current time the Covid-19 pandemic is considered to be a risk which is impacting each of these areas. The company has taken sufficient action to mitigate its exposure to such risks as far as it is reasonably possible through regular communications and forecasting with suppliers, customers and employees.

Sustainability

For us, sustainability is both a responsibility and an opportunity. Optimum resource utilisation and re-use are implemented as early as the design phase. We are clear about our environmental responsibility and the health and safety of employees and suppliers alike. Thanks to our national presence, we can take greater social responsibility. Our sharp focus on sustainability has made us aware of very many opportunities – for the environment, for our employees and for society at large. Our sustainability work is described in the Group Sustainability Report for the Ballingslov International Group, which is submitted by Ballingslov International AB, corporate identity number 556556-2807, registered office in Malmö. The Group Sustainability Report is published on our website.

DENNIS & ROBINSON LIMITED

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

Financial key performance indicators

	Metric	2019	2018	% Change
Financial key performance indicators				
Turnover	£000	37,316	36,397	2.5
Turnover per employee	£000	155	139	11.5
Operating loss	£000	(462)	(4,439)	89.6

Non-financial performance indicators

Total average employees	No.	240	262
Of which female	No.	63	69

The reduction in employee numbers is in line with the company's strategy, resulting from a restructuring in the current year as set out on page 5 and contributing to the increase seen in average revenue per employee.

Major markets

The business operates principally in the new build residential supply chain delivering and installing kitchens to customers developing new homes. The geographic reach is national mainland UK with only minor exceptions.

The movements seen in our financial KPIs when compared to prior year are all positive and moving in the direction set by our internal targets. Further information on the factors driving these movements are set out above.

Quality and environmental

A quality management system (QMS) is operated, providing a clear structure for managing the business and allowing appropriate identification of risk and how risk is addressed. The QMS is compliant with the internal expectations of Ballingslov International AB and the Stena Group and the external requirements of ISO9001:2015, ISO14001:2015 and OHSAS18001:2007. Furthermore, the company supplements its own quality processes with external accreditations and holds FIRA gold certification for products and installation service, is a member of the Furniture Industry Sustainability Programme (FISP) is certified in accordance with the requirements of the Forest Stewardship Council (FSC) and holds a FORS silver certification for transport management.

Safety related processes are monitored and reviewed regularly. During the year the milestone of 12 months without a reportable accident was achieved. Employees exposed to risk are provided training and the company operates the Construction Skills Certificate Scheme (CSCS) as well as confirming to OHSAS18001.

DENNIS & ROBINSON LIMITED

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

Employees

The company strives to create an environment that encourages employees to maximise their contribution to the success of the company and their own personal development. This is achieved through a tiered approach to managing performance where corporate, team and individual objectives are aligned. Roles are defined and grading systems are used so that the relative responsibilities and accountabilities of each role are clearly understood.

The company's employee survey takes place each year taking the temperature of employee engagement. This is done with the help of a leading organisation specialising in workplace culture called the "Great Place to Work" institute. The company benchmarks employee sentiment against industry norms and uses the data to drive improvement programs. 2019's results showed an improvement year on year, versus the decline that has characterised recent year's results.

The Gender Pay Gap analysis for the snapshot date of 5 April 2019, shows that we have a small gap in favour of female employees for mean hourly pay and less than 1% gap in favour of male employees for median hourly pay. The higher proportion of men who receive a bonus has reduced again this year but the mean bonus pay gap advantage for males has risen slightly. There is no gender pay gap for median bonus pay. Female employees are proportionately represented in the Upper Quartile and are over-indexed in the Upper Middle and Lower Middle Quartiles.

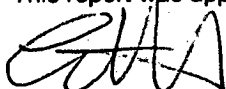
Average numbers of employees in the year by gender and seniority are as follows:

	2019		2018	
	Male	Female	Male	Female
Total employees	177	63	193	69
Of which senior managers	4	2	3	4
Of which directors	1	-	2	-

Human rights

Policy statements regarding human rights and bribery and corruption are available on the company's web site.

This report was approved by the board on 19 May 2020 and signed on its behalf.



E A Prescott
Director

DENNIS & ROBINSON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report, and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Principal activity

The principal activity of the company in the year under review was that of manufacturing and installation of kitchens and bathrooms for the new housing market.

Results and dividends

The loss for the year, after taxation, amounted to £1,066,000 (2018 - £3,559,000).

The net assets in the business totalled £6,572,000 at 31 December 2019, (2018: net assets £5,998,000).

No dividends will be distributed for the year ended 31 December 2019 (2018: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements unless otherwise stated, were:

M A Hegdal
E A Prescott
J A Wassberg
A J Lord (resigned 17 September 2019)
K E Ayling (appointed 26 February 2020)

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

Principal risks and uncertainties

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange, credit risk and liquidity and interest rate risk. The company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Foreign exchange risk

The company is exposed to foreign exchange risk primarily with the Euro. Direct foreign exchange risks arise through the purchase of inventory in Euros, whilst sales in the company key market of the UK are denominated in Sterling. Fluctuations are monitored and no hedging Instruments are currently used.

Indirect exposure to foreign exchange risks may arise through the purchase of inventory in Sterling but suppliers have a secondary exposure purchasing in Euros. The company works actively with such suppliers to offset this exposure but where such risks are unavoidable the company may choose to adjust customer pricing to compensate.

Credit risk

The company has policies in place that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is periodically reviewed.

Liquidity and interest rate risk

The company maintains a short-term debt as part of group financing facility that is designed to ensure the company has sufficient available funds for operations and planned expansion. Interest rate risk exposure is managed by group treasury.

Future developments

The business sees an improving order in-flow from its core customer base. Customers are, however experiencing increasing difficulty and delay in completing sites due to limited availability of skilled labour and this is delaying revenue recognition despite the strong order book.

Section 172

In the year, the company conducted a restructure which strengthened our capability in a number of areas. The stakeholders involved were employees, Ballingslov International AB and external providers. A business case was prepared and consultation process followed including alternative employment opportunities within the company. Six roles were removed and one new role created across the business at all levels, to benefit the capability and efficiency of the organisation. Whilst this action often results in short term loss of business knowledge this was outweighed by the longer term gain and value added to the business.

DENNIS & ROBINSON LIMITED

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

Stakeholder engagement

Shareholders

The company aims to build supportive working relationships with Shareholders (who are also lenders) and communicates progress and strategy via update presentation and other meetings as required.

Client and Suppliers

Managing close relationships with customers and network of vendors and contractors is core to the achievement of our business objectives.

Regulators

The company complies with all reporting and keeps up to date with changes in regulatory requirements relating to the operation of the business.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training support is arranged. It is the policy of the company that the opportunities for training, career development and promotion of a disabled person with a disability should, as far as practicable, be identical to that of a person who does not suffer from a disability.

Consultation with elected employee representatives takes place on a monthly basis with the aim of ensuring that their ideas to improve the working environment are heard.

Communication with all employees continues through weekly team briefings by managers and the annual address given by the Managing Director. The company operates a permanent Company Forum for consultation and joint-problem solving. During the year, all relevant employees signed up to the Group Code of Conduct and this is a condition of employment for all new employees.

Going concern

The company's financial statements have been prepared on a going concern basis. The company made a loss in the year mainly due to operating at a volume level below break-even. The intermediate parent company, Ballingslov International AB, have indicated their willingness to provide financial support to the company. On this basis, the Directors of the company are confident that the company will have adequate resources to continue in operational existence for the foreseeable future.

The Directors have also taken into account the potential implications of the current Covid-19 situation and have determined that considering the potential impact on the Ballingslov group and their available resources to enable them to continue to provide support to the company as required, the going concern basis of accounting remains appropriate.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DENNIS & ROBINSON LIMITED

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

Post balance sheet events

The consequences of the outbreak of Covid-19 is at this stage still evolving. The company has taken steps to ensure the health and safety of its employees and, in parallel, is focused on minimizing any negative impact on the business. The situation is developing rapidly and the assessment is that there is a risk that the outbreak of the corona virus may have a negative financial impact during 2020 however the extent of this cannot be accurately determined at this point.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 May 2020 and signed on its behalf.



E A Prescott
Director

Independent auditors' report to the members of Dennis & Robinson Limited

Report on the audit of the financial statements

Opinion

In our opinion, Dennis & Robinson Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2019; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

DENNIS & ROBINSON LIMITED

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

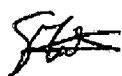
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sophie Murton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
19 May 2020

DENNIS & ROBINSON LIMITED

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

	Note	2019 £000	2018 £000
Turnover	4	37,316	36,397
Cost of sales		(26,359)	(28,296)
Gross profit		10,957	8,101
Distribution costs		(2,036)	(2,798)
Administrative expenses		(9,383)	(9,742)
Operating loss	5	(462)	(4,439)
Exceptional non-operating items	6	-	1,158
Loss on ordinary activities before interest		(462)	(3,281)
Interest payable and similar expenses	10	(367)	(365)
Loss before tax		(829)	(3,646)
Tax on loss	11	(237)	87
Loss for the financial year		(1,066)	(3,559)
Other comprehensive income/ (expense) for the year			
Remeasurements of net defined benefit obligation		1,976	(2,126)
Movement on deferred tax relating to pension surplus/ (deficit)		(336)	361
Other comprehensive income/ (expense) for the year		1,640	(1,765)
Total comprehensive income/ (expense) for the year		574	(5,324)

The notes on pages 13 to 36 are an integral part of these financial statements.

DENNIS & ROBINSON LIMITED
REGISTERED NUMBER: 00460938

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	12	-	-
Tangible assets	13	11,032	11,365
		<u>11,032</u>	<u>11,365</u>
Current assets			
Inventories	14	2,318	2,969
Debtors	15	11,781	16,496
Cash at bank and in hand		-	21
		<u>14,099</u>	<u>19,486</u>
Creditors: amounts falling due within one year	16	(15,546)	(16,340)
Net current (liabilities)/assets		<u>(1,447)</u>	<u>3,146</u>
Total assets less current liabilities		<u>9,585</u>	<u>14,511</u>
Pension liability		(3,013)	(8,513)
Net assets		<u><u>6,572</u></u>	<u><u>5,998</u></u>
Capital and reserves			
Called up share capital	24	65	65
Share premium account	19	5	5
Capital redemption reserve	19	24,541	24,541
Profit and loss account	19	(18,039)	(18,613)
		<u><u>6,572</u></u>	<u><u>5,998</u></u>

The notes on pages 13 to 36 are an integral part of these financial statements.

The financial statements on pages 10 to 36 were authorised for issue by the board of directors on 19 May 2020 and were signed on its behalf

E A Prescott
Director



DENNIS & ROBINSON LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	65	5	24,541	(13,289)	11,322
Comprehensive expense for the year					
Loss for the year	-	-	-	(3,559)	(3,559)
Other comprehensive expense for the year	-	-	-	(1,765)	(1,765)
Total comprehensive expense for the year	-	-	-	(5,324)	(5,324)
At 1 January 2019	65	5	24,541	(18,613)	5,998
Comprehensive expense for the year					
Loss for the year	-	-	-	(1,066)	(1,066)
Other comprehensive income for the year	-	-	-	1,640	1,640
Total comprehensive income for the year	-	-	-	574	574
At 31 December 2019	65	5	24,541	(18,039)	6,572

DENNIS & ROBINSON LIMITED

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

1. General information

The company is a private company limited by shares and is incorporated in the United Kingdom. The address of the company's registered office is Paula Rosa Manhattan, Blenheim Road, Lancing Business Park, Lancing, West Sussex BN15 8UH.

The principal activity of the company is the manufacturing and installation of kitchens and bathrooms for the new housing market.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Stena AB as at 31 December 2019 and these financial statements may be obtained from Box 7123, 402 33 Gothenburg, Sweden.

2.3 Going concern

The company's financial statements have been prepared on a going concern basis. The company made a loss in the year mainly due to operating at a volume level below break-even. The intermediate parent company, Ballingslov International AB, have indicated their willingness to provide financial support to the company. On this basis, the Directors of the company are confident that the company will have adequate resources to continue in operational existence for the foreseeable future.

The Directors have also taken into account the potential implications of the current Covid-19 situation and have determined that considering the potential impact on the Ballingslov group and their available resources to enable them to continue to provide support to the company as required, the going concern basis of accounting remains appropriate.

DENNIS & ROBINSON LIMITED

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is pounds sterling. In the financial statements monetary amounts are rounded to thousands unless otherwise indicated.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss

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

2.5 Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is shown net of Value Added Tax, and is recognised when goods and services are provided to customers upon delivery or application for payment, depending on the contract for sale. As turnover is recognised a corresponding amount is included within debtors.

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 Finance costs

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

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

2. Accounting policies (continued)

2.8 Pensions

The company operates a number of pension schemes under which retirement benefits for employees are funded by contributions from the company and employees.

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

DENNIS & ROBINSON LIMITED

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

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Land	- not depreciated
Buildings	- straight line over 50 years
Plant and machinery	- straight line over 10 - 15 years
Motor vehicles	- straight line over 5 - 7 years
Fixtures and fittings	- straight line over 5 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Impairment of tangible fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each Statement of financial position date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Statement of financial position date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Inventories

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

DENNIS & ROBINSON LIMITED

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

2. Accounting policies (continued)

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Provision is made for the best estimate of the costs of meeting claims received against product guarantees and claims expected to be received against guarantees issued before the year-end. Estimates are based on past experience of the level of claims and costs incurred.

2.19 Financial instruments

The company has chosen to adopt the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in respect of its financial instruments. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

2. Accounting policies (continued)

2.19 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.20 Dividends

Final dividends to the company's shareholders are recognised as liabilities in the period in which the dividends are approved by the shareholders. Interim dividends to the company's shareholders are recognised as liabilities in the period in which the dividends are paid. These amounts are recognised in the Statement of changes in equity.

2.21 Contingent liabilities and assets

Contingent liabilities arise as a result of past events and are recognised when (i) it is probable that there will be an outflow of resources or and the amount cannot be reliably measured at the reporting date. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.22 Related parties

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

DENNIS & ROBINSON LIMITED

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Statement of financial position date and the amounts reported for revenue and expenses during the year. Judgements and estimates are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

However, the nature of estimation means that actual outcomes are likely to differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below.

- The company is the principal employer of a pension scheme that has obligations to pay pension benefits to certain employees and former employees. The cost of these benefits and the present value of the obligations are determined based on assumptions concerning the discount rates on corporate bonds, future salary increases, mortality rates and future pension increases. Due to the complexity of this valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.
- The company provides trade credit to the majority of its customers and may face credit risk and ultimately non-payment. The company assesses credit risk on all customers using an external credit rating and applies a provision for impairment where a loss is considered likely.
- If debtors were to increase by 10% the impact on the company would be £417k impact to working capital - credit control and customer credit policies would be amended accordingly.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the company and relates to the sale of goods.

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	<u>37,316</u>	<u>36,397</u>

DENNIS & ROBINSON LIMITED

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

5. Operating loss

The operating loss is stated after charging/ (crediting):

	2019	2018
	£000	£000
Depreciation of tangible assets	1,239	1,216
Amortisation of intangible assets	-	57
Operating lease rentals - land & buildings	445	449
Operating lease rentals - other	268	343
(Gain)/Loss on disposal of fixed assets	(60)	35
Exchange differences	(6)	31

6. Exceptional non-operating items

	2019	2018
	£000	£000
Impairment of investment	-	(403)
Gain from waiver of intercompany debt	-	1,561
	-	1,158

7. Auditors' remuneration

	2019	2018
	£000	£000
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	62	70

DENNIS & ROBINSON LIMITED

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

8. Employees

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

	2019 £000	2018 £000
Wages and salaries	7,292	7,504
Social security costs	809	751
Other pension costs	733	600
	<u>8,834</u>	<u>8,855</u>

Included within other pension costs are administration and related charges of £119,000 (2018: £184,000).

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

	2019 No.	2018 No.
Manufacturing	87	114
Administration and selling	153	148
	<u>240</u>	<u>262</u>

9. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	329	344
Company contributions to defined contribution pension schemes	31	33
	<u>360</u>	<u>377</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes. Retirement benefits in respect of a defined benefit scheme were not accrued to any directors during the current or prior year.

The highest paid director received remuneration of £245,000 (2018 - £212,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £23,000 (2018 - £22,000).

Mr MA Hegdal and Mr JA Wassberg are remunerated by the ultimate parent company in Sweden for their services in Dennis & Robinson Limited and no (2018: £Nil) recharge is made to the company as their services are considered incidental to their services to the rest of the group.

DENNIS & ROBINSON LIMITED

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

10. Interest payable and similar expenses

	2019 £000	2018 £000
Other interest payable	12	10
Loans from group undertakings	169	131
Net interest on net defined benefit liability (see note 22)	186	224
	<u>367</u>	<u>365</u>

11. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on loss for the year	(175)	(566)
Adjustments in respect of previous periods	-	209
	<u>(175)</u>	<u>(357)</u>
Total current tax	<u>(175)</u>	<u>(357)</u>
Deferred tax		
Origination and reversal of timing differences	412	270
Total deferred tax (see note 18)	<u>412</u>	<u>270</u>
Taxation on loss	<u>237</u>	<u>(87)</u>

DENNIS & ROBINSON LIMITED

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

11. Taxation (continued)**Factors affecting tax charge for the year**

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

	2019 £000	2018 £000
Loss before tax	<u>(829)</u>	<u>(3,646)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(158)	(693)
Effects of:		
Non-deductible expenses	34	127
Adjustments to tax charge in respect of prior periods	-	209
Timing differences	412	270
Impact of UK rate changes	(51)	-
Total tax charge/ (credit) for the year	<u>237</u>	<u>(87)</u>

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £51,000, to increase the deferred tax asset by £95,000.

DENNIS & ROBINSON LIMITED

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

12. Intangible assets

	Intellectual property £000
Cost	
At 1 January 2019	455
At 31 December 2019	<u>455</u>
Accumulated amortisation	
At 1 January 2019	455
At 31 December 2019	<u>455</u>
Net book value	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

DENNIS & ROBINSON LIMITED

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

13. Tangible assets

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 January 2019	3,017	8,305	1,663	3,167	453	16,605
Additions	506	103	19	236	105	969
Disposals	-	(16)	(1)	(275)	-	(292)
Transfers between classes	331	31	-	91	(453)	-
At 31 December 2019	<u>3,854</u>	<u>8,423</u>	<u>1,681</u>	<u>3,219</u>	<u>105</u>	<u>17,282</u>
Accumulated depreciation						
At 1 January 2019	108	2,603	1,030	1,499	-	5,240
Charge for the year on owned assets	50	615	234	340	-	1,239
Disposals	-	(55)	(1)	(173)	-	(229)
Transfers between classes	-	47	5	(52)	-	-
At 31 December 2019	<u>158</u>	<u>3,210</u>	<u>1,268</u>	<u>1,614</u>	<u>-</u>	<u>6,250</u>
Net book value						
At 31 December 2019	<u>3,696</u>	<u>5,213</u>	<u>413</u>	<u>1,605</u>	<u>105</u>	<u>11,032</u>
At 31 December 2018	<u>2,909</u>	<u>5,702</u>	<u>633</u>	<u>1,668</u>	<u>453</u>	<u>11,365</u>

DENNIS & ROBINSON LIMITED

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

14. Inventories

	2019 £000	2018 £000
Raw materials and consumables	1,796	2,083
Work in progress	110	271
Finished goods and goods for resale	412	615
	<u>2,318</u>	<u>2,969</u>

The replacement cost of inventories is considered the same as the carrying value.

15. Debtors

	2019 £000	2018 £000
Trade debtors (note 1)	4,167	5,931
Amounts owed by group undertakings (note 2)	4,699	6,856
Amounts owed by group undertakings for group relief surrendered (note 3)	739	1,050
Other debtors	598	833
Deferred taxation	806	1,554
Prepayments and accrued income	772	272
	<u>11,781</u>	<u>16,496</u>

1. Note that debtors include £225,000 (2018: £536,000) falling due after more than one year and are stated after provisions for impairment of £149,000 (2018: £72,000).

2. Amounts owed by group undertakings are unsecured, interest free, and are payable on demand.

3. The company is part of a UK tax Group with other Stena companies, losses are surrendered to the Group for tax relief and settlement received on an annual basis.

DENNIS & ROBINSON LIMITED

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

16. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	2,691	3,211
Amounts owed to group undertakings	11,127	12,032
Other taxation and social security	243	241
Other creditors	808	428
Accruals and deferred income	677	428
	<u>15,546</u>	<u>16,340</u>

Amounts owed to group undertakings are unsecured, on a revolving three-month basis and carry interest at 1.1% over UK base rate.

17. Financial instruments

	2019	2018
	£000	£000
Financial assets		
Financial instruments that are debt instruments measured at amortised cost	<u>9,464</u>	<u>13,619</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(13,850)</u>	<u>(15,243)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors. Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to group undertakings.

DENNIS & ROBINSON LIMITED

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

18. Deferred taxation

	2019 £000	2018 £000
At beginning of year	1,554	1,407
Charged to profit or loss	(412)	148
Charged to other comprehensive income	(336)	-
At end of year	<u>806</u>	<u>1,555</u>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	276	118
Pension surplus	512	1,418
Other short term timing differences	18	18
	<u>806</u>	<u>1,554</u>

19. Reserves**Share premium account**

Share premium account represents the amount subscribed for share capital in excess of the nominal value.

Capital redemption reserve

The capital reserve represents capital equity contributions from the parent company.

Profit and loss account

Profit and loss account represents the net gains and losses and transactions with owners (e.g. dividends) that are not recognised elsewhere.

The movement in each reserve are set out within the statement of changes in equity.

DENNIS & ROBINSON LIMITED

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

20. Contingent liabilities

The company, under a group VAT registration, is jointly and severally liable for Value Added Tax due by Southdown Kitchen Furniture Limited. At 31 December 2019 there was no liability (2018: £nil).

The company can be subject to claims and potential claims from customers and other third parties from time to time. Liabilities for which a cash outflow is considered probable are provided for in the company's financial statements. Liabilities for which a cash outflow is considered possible are disclosed as a contingent liability in the company's financial statements. There are no further matters for which provisions have not been made that require additional disclosure in these financial statements.

21. Capital commitments

At 31 December the company had capital commitments as follows:

	2019	2018
	£000	£000
Contracted for but not provided in these financial statements	<u>31</u>	<u>460</u>

DENNIS & ROBINSON LIMITED

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

22. Pension liability**Defined contribution scheme**

The company operates a group personal pension plan. The company's contributions are limited to 3.5% of pensionable earnings for those employees who were members of the company's defined contribution scheme as long as those employees also make a contribution of at least 3.5% of their pensionable earnings.

The charge included within the financial statements for the defined contribution scheme is £348,000 (2018: £203,000).

Defined benefit scheme

The company operates two defined benefit pension schemes. The schemes are both administered by Barnett Waddingham Limited. All members rights, assets and employer obligations of the pension schemes are separately identifiable. The schemes provide retirement benefits on the basis of members' final salary. The schemes are closed to new members. The notes below describe the consolidated position for both pension schemes.

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	34,365	35,295
Current service cost	38	42
Interest cost	939	904
Actuarial losses/(gains)	2,239	(1,047)
Contributions	17	16
Benefits paid	(1,704)	(1,106)
Past service cost	-	171
Other costs	-	24
Administration charges	65	66
At the end of the year	<u>35,959</u>	<u>34,365</u>

DENNIS & ROBINSON LIMITED

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

22. Pension liability (continued)

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At the beginning of the year	25,852	28,456
Interest income	753	680
Actuarial gains/(losses)	4,215	(3,173)
Employees contributions	17	16
Benefits paid	(1,704)	(1,106)
Contributions by employer	3,813	979
At the end of the year	<u>32,946</u>	<u>25,852</u>

Composition of plan assets:

	2019 £000	2018 £000
Equities	12,950	14,229
Property	1,039	372
Gilts	5,550	791
Corporate bonds	6,795	7,229
Diversified funds	705	698
Cash	5,907	2,533
Total plan assets	<u>32,946</u>	<u>25,852</u>

	2019 £000	2018 £000
Fair value of plan assets	32,946	25,852
Present value of plan liabilities	(35,959)	(34,365)
Net pension scheme liability	<u>(3,013)</u>	<u>(8,513)</u>

DENNIS & ROBINSON LIMITED

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

22. Pension liability (continued)

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Current service cost	38	42
Past service cost	-	171
(Losses)/Gains on curtailments and settlements	186	224
Administration charges	65	66
Other costs	-	24
Total	289	527
Actual return on scheme assets	4,968	(242)
	4,968	(242)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	1.95	2.8
Future salary increases	2.5	2.5
Future pension increases (RPI/CPI)	2.9/1.85	3.2/2.15
Rate of increase in pensions in deferment (CPI max 5%)	2.00	2.15
Inflation assumption (RPI/CPI)	2.95/2.00	3.3/2.15
Mortality rates	Years	Years
- for a male aged 65 now	21.3	21.4
- at 65 for a male aged 45 now	22.6	22.8
- for a female aged 65 now	24.4	24.5
- at 65 for a female member aged 45 now	25.9	26

DENNIS & ROBINSON LIMITED

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

23. Commitments under operating leases

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

	2019 £000	2018 £000
Not later than 1 year	698	582
Later than 1 year and not later than 5 years	2,120	1,880
Later than 5 years	494	950
	<u>3,312</u>	<u>3,412</u>

24. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
56,100 (2018 - 56,100) Ordinary shares of £1.00 each	56	56
9,000 (2018 - 9,000) Cumulative convertible Preference Ordinary shares of £1.00 each	9	9
	<u>65</u>	<u>65</u>

The Cumulative Convertible Preference Ordinary shares are entitled to a dividend each year being 2% of the adjusted net profit for the year. The remaining profit can then be paid to ordinary share.

25. Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

26. Post balance sheet events

The consequences of the outbreak of Covid-19 is at this stage still evolving. The company has taken steps to ensure the health and safety of its employees and, in parallel, is focused on minimizing any negative impact on the business. The situation is developing rapidly and the assessment is that there is a risk that the outbreak of the corona virus may have a negative financial impact during 2020 however the extent of this cannot be accurately determined at this point.

DENNIS & ROBINSON LIMITED

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

27. Immediate and Ultimate parent undertakings and controlling party

The company's immediate parent company is Southdown Kitchen Furniture Limited.

The company is a wholly owned subsidiary of Ballingslov International AB incorporated in Sweden, whose principal place of business is Jungmansgatan 12, 211 19 Malmö, Sweden.

Ballingslov International AB are controlled by Stena AB Incorporated in Sweden, whose principal place of business is Box 7123, 402 33 Gothenburg, Sweden.

Stena AB is the smallest and largest group to consolidate these financial statements. The consolidated financial statements of Stena AB are available to the public and can be obtained from the above address.

The ultimate controlling party is Dan Sten Olsson.