John Lewis of Hungerford plc

Annual Report and Financial Statements

for the year ended
30 June 2021

Registered number

01317377

John Lewis of Hungerford plc

Annual Report and Financial Statements 2021

STRATEGIC REPORT

Company Information

Directors:
Kiran Noonan
(Chief Executive Officer / Acting Chairman)
Alan Charlton
(Non-Executive Director)
Stephen Huggett
(Non-Executive Director)

Registered Office and Business Address:
Grove Business Park
Downsview Road
Wantage
Oxfordshire
OX12 9FA

Secretary:
Cargil Management Services Limited
27/28 Eastcastle Street
London
W1W 8DH

Nominated Adviser:
Allenby Capital Limited
5 St Helens Place
London
EC3A 6AB

Auditors:
James Cowper Kreston
2 Chawley Park
Cumnor Hill
Oxford
OX2 9GG

Nominated Broker:
Allenby Capital Limited
5 St Helens Place
London
EC3A 6AB

Solicitors:
Temple Bright LLP
81 Rivington Street
London
EC2A 3AY

Registrars:
Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR

Bankers:
Barclays Bank Plc
4th Floor Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1AX

Company Number:
01317377

STRATEGIC REPORT

Company Profile

John Lewis of Hungerford plc designs, retails, manufactures, and installs kitchens, bedrooms, freestanding furniture and architectural components from its own showrooms throughout the United Kingdom.

Manufacturing and administration are carried out from a purpose built factory and offices at Wantage, Oxfordshire constructed in 1998.

For more information about the Company and its products visit our web site:

www.john-lewis.co.uk

STRATEGIC REPORT

Risk Management

The Directors are required under the Companies Act 2006 to describe the principal risks and uncertainties facing the Company. The risk management process is closely aligned to our business strategy. Risk is an inherent part of doing business and the management of risk is based on a balance of risk and reward determined through careful assessment of both the potential likelihood and impact of any risks.

Business continuity and major incidents response

Risk A major incident or catastrophic event could impact on the Company's ability to trade.

Mitigation The Company has detailed plans in place, supported by senior management and the operational Board of Directors, to enable appropriate decisions to be made in the event of a potentially disruptive incident. The business continuity plan is reviewed on a regular basis to ensure that it remains fit for purpose.

Business strategy

Risk If the Board adopts the wrong business strategy or does not communicate or implement its strategies effectively, the business may be negatively impacted. Risks to delivering the strategy need to be properly understood and managed to deliver long-term growth for the benefit of all stakeholders.

Mitigation A clear strategy remains in place with our key area of focus being the development of the business and improving operational efficiency to deliver greater profitability and improved shareholder value.

IT systems and infrastructure

Risk The Company is reliant on its IT systems and operational infrastructure in order to trade efficiently. Failure of the systems could have a short term impact on the business.

Mitigation The Company has controls in place to maintain the integrity and efficiency of its systems including detailed recovery plans in the case of failure and / or cyber security issues. Advisory notes have been added to all emails to signal emails generated outside of the business, to ensure employees remain vigilant for scams and virus disruption.

Employee engagement, retention and capability

Risk The Company has a fairly small staff, all of whom are critical to the success of its business. Attracting and maintaining good relations with talented employees and investing in their training and development is essential to the efficiency and sustainability of the Company's operations.

Mitigation The Company takes great pride in fostering a positive, diverse and inclusive culture. Our employee handbook together with our remuneration are reviewed annually and are designed to ensure we remain competitive in our sector. Training and development of our managers takes place regularly to ensure our employees continue to work in a safe environment that is free from workplace harassment or discrimination of any kind. The Company works hard to partner with industry specific recruitment companies, to attract staff into key roles as the business grows.

Developing the business

Risk Identification of new locations and securing new properties is an important part of the development and growth of the business.

Mitigation Within our day to day operations the Company is monitoring the areas identified as possible locations for new showrooms. A property consultant is also engaged to assist with on-going searches.

Covid-19 Pandemic

Risk In January 2020, the World Health Organisation declared a global emergency with respect to the outbreak. The impact arising as a result of lockdowns was felt throughout the financial year.

Mitigation The Company has developed a range of online tools to aid our customers with their buying journey in the event of retail closures, relating to the pandemic. Our sales team have the technology to ensure they remain operational and our premises are all COVID-Secure to ensure minimal disruption to our day to day operations.

Brexit

Risk Following the referendum decision in 2016, the Government has implemented a trade agreement with the EU27 to ensure the continuity of supply relationships to the UK.

Mitigation The Company has reviewed our supply partners, who are all UK based, although some of their sourcing is from the continent. The Company has sought to firm up supply terms and conditions and increased stock holding for key materials which are required to sustain operations and customer deliveries. Since the beginning of 2021, we have seen minor delays in the supply chain, managed by extending our lead time for customer orders. We continue to ensure the tracking of all orders is a priority for our procurement team.

Cash Flow

Risk Major uncertainty in the retail market could lead to strains on the Company's available cashflow due to its negative working capital cycle.

Mitigation Within our day to day operations the Company prepares detailed short and long term cashflow forecasts which are monitored on a regular basis. The Board regularly review the finance arrangements in place, to ensure adequate cash reserves are available. This enables any pressure on cash reserves to be anticipated in advance and corrective actions to be put in place. In the past 12 months, actions the Company has taken include cost-cutting measures, agreeing preferential terms with our landlords and suppliers, along with utilising Government support made available, in response to the pandemic.

STRATEGIC REPORT

Chief Executive's Business Review

We are pleased to provide a review of our FY21 financial year to 30 June 2021. As the prior year was significantly impacted by the Covid-19 pandemic, we have also provided data from FY19 in order to provide our shareholders with a more meaningful comparative.

Overview

As reported within our trading update released on 12 August 2021, we are pleased to report that the second half trading recovered our first half losses in full, resulting in a full year profit before tax of £80k (2020: Loss £885k; 2019: Loss £220k). After an immensely disruptive year, with showroom closures for 18 weeks, we are particularly pleased with the efforts of the teams within the Company which resulted in us delivering a profitable year.

The year finished with a positive gross cash position of £1,302k. The Company has total loans of £1,137k, of which £1,079k is secured on its freehold properties. Net cash, excluding IFRS 16 lease liabilities, was therefore £165k (2020: net debt £708k; 2019: net debt £314k). The Company was grateful for the UK Government support received during the year, including the deferral and re-phasing of payments for VAT and PAYE. The re-phased payments were all met within the timescales agreed with HM Revenue and Customs, and by year end £78k remained outstanding, which is scheduled for full repayment by February 2022 The Company is pleased to have improved from a net debt of £708k to a positive net cash position after loans of £165k in the financial year, a positive improvement of £872k, with EBITDA (pre IFRS 16) of £424k (2020: -£388k). Customer deposits at the year-end were £363k higher than last year, reflecting the strength of the order book at the year-end.

In February 2021, all the Directors and a PDMR (Person Discharging Managerial Responsibilities) all wished to acquire shares in the Company, and this was effected by a subscription for new shares, which increased cash in the Company by £49k.

The table below illustrates the performance against the Covid-19 impacted FY20 year and also the non-Covid-19 disrupted FY19 year. It is pleasing to note that with revenue 5% down on FY19, the gross margin is broadly in line, demonstrating the management's focus on cost control to ensure resilience in our operating model, during a period of supplier price increases, throughout this challenging period.

Financial Summary

	FY21	FY20	Change	FY19	Change
Revenue (£'000)	7,877	5,553	41.9%	8,306	-5.2%
Gross Profit (£'000)	3,712	2,549	45.6%	3,933	-5.6%
Gross Margin	47.1%	45.9%	1.2%	47.4%	-0.3%
Profit before tax (£'000)	81	(885)	966	(220)	301
Tax (£'000)	124	94	30	(69)	193
Net Profit / (loss) for year (£'000)	205	(791)	996	(289)	494
Net Cash / (debt) (£'000)	165	(708)	873	(314)	479
Earnings per share (p)	0.11	(0.42)	0.53	(0.15)	0.26

Marketing

Core to the performance in the year under review has been our ability to adapt to changing consumer behaviours, instigated by the closure of our showrooms for 18 weeks of the year and by moving our business operations back online, as required. The excellent work to produce virtual showrooms very promptly after the initial lockdown in March 2020 and ensure consistency in our marketing throughout the pandemic, has ensured that the brand has remained strong and visible throughout. The Company has seen a discernible shift in its following across social media platforms, through the Company's digital development strategy. With a new SEO partner from the start of FY21, several high-profile collaborations and a data driven approach to our digital campaigns, we continue to generate record levels of interest, driven in part by gains in market share and also from the 'pent up' demand arising from the first, long lockdown, when focus on improving the home became a customer priority. Our online activity has demonstrated the strength in our marketing and allowed us to attract customers through our digital channels and drive footfall to our showrooms when they re-opened. This has ensured the showroom estate is consistently busy in all locations, with high levels of quoted design activity, which will continue to be recognised in FY22.

We have mentioned previously the increase in demand within the home improvements sector, with many home related companies experiencing an uplift in enquiries; the demand has been significantly higher than in recent years. Shortages of skilled labour within the industry and the trades people required to install new kitchen and bedroom units, together with the more general shortage of skilled labour within the construction sector, has impacted lead times for many companies. We have been fortunate to retain a highly skilled team in all areas of our business and our lead times remain competitive, and therefore attractive, for customers looking at luxury, painted kitchens and bedrooms. The ongoing recruitment of key personnel in all areas of the business remains a priority for the Company.

Kitchens sold in the year exceeded our recent performance, with a reduction in our bedrooms activity in the year, primarily due to a shift in consumer priorities for their living spaces. We have seen the bedrooms area of the business returning to levels achieved previously, in the current financial year.

Operations

The integrated retail model developed throughout FY20 has proven effective over FY21. Promoting an 'appointment only' approach to our design consultations has improved the effectiveness of our design team, together with enhancing the customer experience in-store. Virtual consultations are still offered to customers unable to visit a showroom and these continue to be popular, supported by our advances in the use of our virtual showrooms and screen sharing technology.

We took the decision to close our central Oxford Showroom during the year, on expiry of the lease. This has given us the opportunity to utilise the space within our head office showroom in South Oxfordshire, to showcase both our kitchens and our bedrooms offering. Customers will benefit from a visit to our production facility, once restrictions ease, which we anticipate being a popular and important element of our customer experience.

The use of our new finance offering for customers, provided by Hitachi Capital UK, has been very well received, with almost £900k of sales secured in FY21, using the facility. This exceeded our ambitions and has become a significant component in our customer journey. We look forward to a continued partnership with Hitachi Capital UK, who have been impressed with our exceptional customer satisfaction scores.

Our systems improvements continue to take priority to ensure we are able to support our teams to operate as efficiently as possible. The implementation of the CRM system was the first step in our programme of improvements and we look forward to building our IT framework to manage our growth over the coming years.

Our development team also worked effectively to ensure the timely launch of our new Beaded Shaker range of door style, which has been well received by customers.

There have been widely reported disruption to supply chains nationally over the last 18 months. The industry has experienced significant delays across all bought-in items, together with raw materials. Price increases have been seen in all areas, at an unprecedented level. The operational team have had a challenging year, requiring close management of the supply chain to ensure continuity of supply and the successful fulfilment of customer orders.

In view of these many challenges, we are pleased to report a gross margin broadly in line with the non-Covid-19 disrupted FY19 year, with a 5% reduction of revenue.

	12 months to June 2021	12 months to June 2020	12 months to June 2019
	£000	£000	£000
Total Sales	7,877	5,553	8,306
Cost of sales	4,165	3,004	4,373
Gross margin	3,712	2,549	3,933
Gross Margin %	47.1%	45.9%	47.4%

Investments in key supporting roles within the Company have been made as we progress throughout the current financial year, given the increased levels of consumer demand.

We continue to work closely with all of our partners to ensure the continued safety of our employees, our customers and our suppliers. We have ensured an ongoing focus on the health, safety and wellbeing of our people.

Trading Outlook

As stated in our trading update released on 12 August 2021, the Company entered the new financial year with an order book substantially larger than in recent years. The level of orders secured in the first 18 weeks of the year has remained high. Despatched sales, forward committed orders and future orders against which a first stage deposit has been taken, stood at £7.4m (2020: £4.9m; 2019: £4.4m), which is significantly ahead of the previous two year comparatives.

The unprecedented business climate throughout the reported period has been challenging and the response of all of our stakeholders has been instrumental in the results we report today. The efforts of all those within the Company together with our relationships with our partners and suppliers, all of whom have been exceptionally supportive, give the Board confidence in the Company's future performance.

Our employees have been outstanding in their commitment to provide a high quality service to our customers and driving value for our shareholders, and thereby ensuring the resilience of the Company, throughout this turbulent period.

On behalf of the Board, I thank them all for their dedication throughout the year as we look forward to a period of growth and a return to sustained profitability, as we enter 2022, during which the Company will celebrate its 50th Birthday.

Kiran Noonan
Chief Executive Officer
8 November 2021

Strategic Report Approval

The Strategic Report on pages 2 to 8, incorporates the sections: Company Information, Company Profile, Risk Management, and the Chief Executive's Business Review.

By order of the Board

Kiran Noonan
Chief Executive Officer
8 November 2021

Section 172 of the UK's Companies Act

From 1 January 2019, legislation was introduced requiring companies to include a statement pursuant to section 172 of the Companies Act 2006.

The Directors of the Company have a duty to promote the success of the Company. A Director of the Company must act in the way they consider, in good faith, to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company to maintain a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

The Board believes that long-term success requires good relations with a range of different stakeholder groups, both internal and external. The Board has identified John Lewis of Hungerford's stakeholders to include employees, customers, the local communities and environment in which it operates, professional partners, suppliers, and its shareholders.

The Board considers that all their decisions are taken with the long-term in mind and understands that these decisions need to regard the interests of the Company's stakeholders. It is the view of the Board that these requirements are addressed in the Strategic Report (pages 2-8) and Statement of Corporate Governance (pages 15-22) contained within the Annual Report, which can be found on the Company's website at www.john-lewis.co.uk/investors/. For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance.

The Board believes that three decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders:

- The introduction of the new finance offering for customers, from Hitachi Capital UK, has become a significant component in our customer journey. We look forward to a continued partnership with Hitachi Capital UK, who have been impressed with our exceptional customer satisfaction scores.

- The decision to invest in a new Search Engine Optimisation partner has supported our digital marketing strategy and allowed us to attract customers through our range of digital channels, driving web enquiries and footfall to our showrooms when they re-opened. This also ensured that the business remained resilient throughout the lockdowns.

- Moving the business online and conducting virtual-only appointments during the lockdown periods in the prior year, has continued to allow our design team to offer a hybrid service, combining face to face and online consultations, to ensure an effective and competitive operating model. This has been effective in reducing disruption during the 18 weeks of lockdown in this financial year.

GOVERNANCE

Directors' Report

The Directors present their report and financial statements for the year ended 30 June 2021.

Results and dividends

The profit / (loss) for the year after taxation amounted to £205,083 (2020: (£791,224)).

The Directors do not recommend payment of a dividend (2020: £nil).

Fixed assets

Details of the Company’s intangible non-current assets and property, plant and equipment are shown in notes 11 and 12.

Research and development

The Company carries out its own development activities with regard to design and production of new ranges that complement and expand the existing product lines.

Directors and their interests

The following persons served on the Board during the year:

Kiran Noonan
Alan Charlton
Stephen Huggett

As at 30 June 2021, the beneficial interests of the Directors in the issued shares of the Company were:

	Ordinary shares of 0.1p each	
	30 June 2021	30 June 2020
Kiran Noonan	500,000	-
Alan Charlton	14,423,178	4,423,178
Stephen Huggett	1,500,000	-

	Total options held	Percentage of issued share capital
Kiran Noonan	9,337,276	4.81%

The options above are subject to performance conditions relating to the Company's future share price and statutory profit. They are exercisable at 1 pence per share and have a minimum vesting period of 2 years. No options will vest until the Company's share price reaches 3 pence.

In accordance with the Company’s Articles of Association, Stephen Huggett retires as Director and being eligible, will offer himself for re-election at the Annual General Meeting.

Substantial interests
On 19th October 2021 significant shareholders of the Company holding 3% or more of the voting rights, which had been notified to the Company were as follows:

Shareholder	Number of Ordinary shares of 0.1p each	Percentage of voting rights
J L Lewis Esq	42,966,678	22.15%
D Stredder Esq	19,625,000	10.12%
Hargeaves Lansdown Stockbrokers	15,103,476	7.79%
A Charlton Esq	14,423,178	7.44%
S C Taylor-Young Esq	10,824,841	5.58%
Interactive Investor Services Ltd	10,282,339	5.30%
N M Slater Esq	9,278,827	4.78%
HSBC Securities Services (UK)	8,111,182	4.18%
Halifax Share Dealing Ltd	7,735,128	3.99%
Jarvis Investment Management Ltd	6,451,542	3.33%

Corporate governance

In September 2018, in accordance with AIM Rule 26, the JLH Board adopted the Quoted Companies Alliance (QCA) Corporate Governance Code (the "QCA Code"). Further details of how the Company complies and does not comply with the QCA Code are set out in the "Statement of Corporate Governance" on pages 15 to 22.

Board meetings
The Company holds regular Board meetings throughout the year and maintains control over all appropriate strategic, financial, operational and compliance issues.

Remuneration Committee
John Lewis of Hungerford has a Remuneration Committee, chaired by Alan Charlton and also comprises Stephen Huggett and Kiran Noonan (attending in her capacity as Acting Chairman). The remuneration paid to Executive Directors is reviewed and approved by Alan Charlton, Non-Executive Director and Stephen Huggett, Non-Executive Director, who are independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of their professional judgement. Any matters relating to remuneration for Directors and Senior Management will always be referred to the Remuneration Committee. Matters relating to the awards across all employees from any Share Schemes and/or Long Term Incentive Plans will also fall to the Remuneration Committee for approval.

Audit Committee
John Lewis of Hungerford has an Audit Committee which is chaired by Stephen Huggett and comprises Alan Charlton and Kiran Noonan (attending in her capacity as Acting Chairman). It is responsible for ensuring that the financial performance of John Lewis of Hungerford is properly reported upon and monitored, for meeting the auditors and reviewing the reports of the auditors relating to accounts and internal control systems.

Health and safety
High standards of health and safety management are promoted at all levels within the Company. Regular audits for compliance are carried out by independent organisations at the Company’s factory and showrooms and written reports are produced for management action where appropriate.

In addition, the Company’s health and safety approach is supported by training programmes and written rules relating to health and safety, all of which promote a high level of awareness and commitment within the Company.

Going Concern

The Directors continue to adopt the going concern basis in preparing the financial statements, as set out in Note 1 - Accounting Policies. After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Annual General Meeting

The Board continues to monitor the situation surrounding Covid-19 and the advice from the Government on public gatherings. If the Government's guidance changes at any point prior to the AGM, such that shareholders are unable to attend in person, the Company will update shareholders through an announcement to the London Stock Exchange and on the Company's website. In light of this uncertainty, the Board strongly encourages shareholders to submit a proxy vote in advance of the AGM and to appoint the Chairman of the meeting as their proxy, rather than a named person who, if circumstances change, may not be able to attend the meeting.

The next Annual General Meeting of the Company will take place at the Clayton Hotel, 626 Chiswick High Road, London W4 5RY at 2.00pm on Monday 13th December 2021.

Special Business

The Notice of Annual General Meeting contains an ordinary resolution at resolution 4, which seeks to give the Directors power to allot shares up to a maximum aggregate nominal amount of £64,648.50 and which, if passed, would mean the Directors may allot and issue up to 64,648,500 new Ordinary shares of 0.1p each, representing approximately one third of issued Ordinary share capital of the Company at the date of the Notice of Annual General Meeting.

The Notice of Annual General Meeting also contains a special resolution at resolution 5 which seeks to give the Directors power to allot shares for cash as if the statutory pre-emption provisions under the Companies Act 2006 did not apply to any allotments made by way of rights issue, open offer or other pre-emptive offer to existing shareholders in the exercise of the authority conferred by resolution 4 above. This resolution will additionally confer power on the Directors to allot for cash shares up to an aggregate nominal value of £19,394.55 representing 19,394,550 Ordinary shares of 0.1p each and representing approximately 10% of the issued ordinary share capital of the Company, otherwise than pro-rata to existing shareholders.

Financial instruments

The Company's principal financial instruments comprise cash at bank or in hand, a loan secured over the Company's properties and various items such as trade receivables and payables, which arise directly from its operations. It is Company policy that no trading in financial instruments shall be undertaken.

The Company's operations expose it to a variety of financial risks and the Directors have identified that the main risk to the Company is from interest rate movements.

The Company is exposed to cash flow interest risk on its floating rate deposits and its loan.

Cash and borrowing requirements are managed centrally to maximise interest income and minimise interest exposure, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of its activities.

Investments of cash surpluses, borrowings and other financial instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board. Customers are not currently traded with on credit terms.

Statement of disclosure of information to auditors

The Directors of the Company who held office at the date of approval of this annual report as set out above each confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

James Cowper Kreston have indicated their willingness to continue as auditor to the Company. Accordingly, a resolution proposing their reappointment as auditor will be put to the members at the forthcoming Annual General Meeting.

On behalf of the Board

Kiran Noonan
Chief Executive Officer
8 November 2021

GOVERNANCE

Statement on Corporate Governance

Acting Chairman's Statement

John Lewis of Hungerford Plc ("JLH") designs, retails, manufactures, and installs kitchens, bedrooms, freestanding furniture and architectural components from its own showrooms throughout the United Kingdom.

Manufacturing and administration are carried out from a purpose built factory and offices at Wantage, Oxfordshire constructed in 1998.

We have sought to create a transparent and engaging reporting policy, which allows all stakeholders the opportunity to engage directly with senior management on operational and strategic issues.

The Company operates in accordance with the guidance provided by the QCA Code, which allows the business to ensure that its governance framework is rigorous, robust and in the interests of all stakeholders. It helps guide us through effective decision making and business support initiatives to ensure the creation and sustainability of a profitable business.

Kiran Noonan
Acting Chairman

From 28 September 2018, AIM Rule 26 requires AIM companies to adopt a recognised corporate governance code. The JLH Board decided to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code (QCA Code). This statement sets out how JLH currently complies, and does not comply with the QCA Code. We will provide updates, as and when necessary, on our compliance with the QCA Code going forward.

Principle 1: Establish a strategy and business model, which promote long-term value for shareholders.

JLH retails and manufactures high quality kitchens, bedrooms and freestanding furniture. The Board constantly monitors the performance of the various activities within the business throughout the customer journey, from first enquiry, through the sale process, manufacturing and installation. By way of departmental reporting, the Board challenges actions as deemed necessary.

The Board is developing its 5 year strategic plan which is aimed at returning the business to profitability, whilst maintaining a sensible risk profile. This strategy is aimed at improving shareholder value and will be constantly reviewed against specific milestones, market trends and the changing economic climate. The Board is working to develop its strategy to secure consistency in the profitability of the business through a focus on learning and development, improved systems and increased efficiencies in the operating model. A cost rationalisation programme has been instituted, whilst reviews of the brand positioning have led to the creation of new brand collateral, the commissioning of a new website, an enhanced digital presence and collaborations with influencers in our market.

Principle 2: Seek to understand and meet shareholder needs and expectations.

JLH has adopted an 'open door policy' with regard to communicating with shareholders. The Acting Chairman holds key responsibility for listening to shareholder comments and communications. Formal shareholder presentations as well as the AGM are held annually with the full Board present, however all shareholders are encouraged to communicate on an informal basis either by telephone or electronically. Shareholder presentations continue to be well attended and feedback from shareholders remains positive. Shareholder attendance at the AGM has increased and the Board have welcomed the robust challenge from existing and new shareholders. Presentations and communications by telephone have also been well attended with a number of positive conference calls.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Board is acutely aware of its need to grow and maintain strong relationships with its employees, customers, suppliers and shareholders and takes great care in ensuring that wherever possible it listens to their views and provides feedback. Regular updates from key stakeholders form part of the monthly departmental Board reports, to discuss feedback and any concerns.

Employees

In the last 12 months, JLH has continued its policy of :

Communicating to all employees to highlight the financial results and actions the business has taken to improve the overall operating model.

Conducting sales meetings and leading workshops with the front line team to learn and develop marketing initiatives to improve the sales performance.

Holding regular meetings with Factory and Head Office Staff to develop a culture of continuous improvement.

Suppliers

In the last 12 months, JLH has continued its policy of:

Conducting meetings with its principal suppliers to update on the needs of the business and consider the implications to our major suppliers.

Engaging with our Installation partners to help and assist in generating improvements in communication and install quality.

Ensuring all of our Installation partners are BiKBBI members and DBS checked.

Customers and the Community

In the last 12 months, JLH has continued its policy of:

Only reviewing retail pricing when supplier pricing pressure has necessitated an increase.

Reviewing the supply chain to ensure the product offering remains competitive both for current trends and pricing.

Supporting local schools and community groups with off cuts of raw materials.

Offering work experience to local young people.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board together with its Audit and Remuneration Committees oversees all the risk management controls in the business.

Financial Risk.

JLH is committed to maintaining strong internal financial controls. There is a policy of continuous review and improvement with processes enhanced and updated in response to changes in accounting governance or upgrades in technology, including the accounting systems, improvements in banking resource and increased use of internet options.

The Board reviews and is responsible for:

Approval of the strategic plan and monitoring of performance against plan.

Approval of the annual budget including profit and loss account, cash flow, balance sheet and capital spend proposals. This is regularly reviewed against monthly performance and prior year results.

Monthly management accounts and variance reports.

Approval of significant contracts.

The Audit Committee reports to the Board with regard to the annual financial statements, accounting policies and the maintenance of sufficient internal controls to ensure that the financial information can be relied upon.

Other Controls

The Board considers it has sufficient internal controls appropriate for the size, complexity and risk profile of JLH. In the last 12 months it has:

Upgraded its health and safety policy around the business to ensure continued compliance with PHE Covid-Secure workplaces.

Improved safety policies in and around its factory and retail premises to ensure all employees and visitors are required to use the PPE provided to safeguard against Covid-19.

Introduced additional cyber security measures to protect the integrity of the email systems, with additional scanning of all incoming communications.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board currently comprises an Acting Chairman who is also an Executive Director and two Non–Executive Directors. Both of the Non-Executive Directors are considered by the Board to be independent. Currently there is no Senior Independent Director, but it is the intention of the Board to address this in the next 12 months. The Head of Finance also attends all Board meetings in part – to ensure full transparency over all matters of financial and statutory compliance.

The Acting Chairman continuously reviews the composition of the Board and is cognisant of the fact that additional Executive and Non-Executive Directors may need to be added to the Board, as JLH grows. All Directors are encouraged to voice their opinions and use their judgement to actively challenge any matters, be they strategic or operational. The Acting Chairman holds one formal appraisal meeting a year with the Non-Executive Directors and informal ad hoc meetings as and when considered necessary. The Board met formally 10 times last year, together with weekly Cash Committee Meetings throughout the lockdown period. Meetings are held either at JLH's Head Office in Wantage or at one of its showrooms. Throughout the lockdown period, meetings have been held online and conducted virtually. All Board members have 100% attendance.

Remuneration Committee
John Lewis of Hungerford has a Remuneration Committee, chaired by Alan Charlton and also comprises Stephen Huggett and Kiran Noonan (attending in her capacity as Acting Chairman). The remuneration paid to Executive Directors is reviewed and approved by Alan Charlton, Non-Executive Director and Stephen Huggett, Non-Executive Director, who are independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of their professional judgement. Any matters relating to remuneration for Directors and Senior Management will always be referred to the Remuneration Committee. Matters relating to the awards across all employees from any Share Schemes and/or Long Term Incentive Plans will also fall to the Remuneration Committee for approval.

Audit Committee
John Lewis of Hungerford has an Audit Committee which is chaired by Stephen Huggett and comprises Alan Charlton and Kiran Noonan (attending in her capacity as Acting Chairman). It is responsible for ensuring that the financial performance of the Company is properly reported upon and monitored, for meeting the auditors and reviewing the reports of the auditors relating to accounts and internal control systems.

In the year the Board considered and approved, where necessary:

- The budget and strategic plan.
- Capital expenditure plan.
- Reviewed feedback from shareholders following the AGM and half year review.
- Internal governance policies and processes.
- Strategic options and opportunities.
- Financial and non–financial controls.

The Board has been made aware of all other businesses that its members are involved with and the Acting Chairman is responsible for ensuring there are no conflicts of interest. Board members are responsible to the Board to ensure they continually keep the Board informed of any changes to their business involvement. The two Non-Executive Directors each devote at least 25 days a year to JLH; the Executive Director is full time within JLH and has no other business commitments.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

The Acting Chairman is satisfied that the Board has sufficient up to date relevant experience and the right balance of skills to undertake its duties. In particular the Board has experience in finance, sales, marketing, human resources, manufacturing, retailing, strategy, corporate governance and ecommerce. All Directors receive monthly reports on JLH's operational, sales and financial performance. Reports are circulated to all Directors in advance of the meetings. The business reports monthly on sales, operations and finance and any variances to budget are reviewed and appropriate actions taken as necessary.

Biographies of the directors are shown below:

Kiran Noonan - Chief Executive Office and Acting Chairman

Kiran joined the Company in 2012 and spent four years establishing a dedicated, competent and disciplined sales team, in her previous role as Sales and Marketing Director. She has been working within Sales and Operational Management for over 20 years including the retail sector and management consultancy. Her recent roles have been at Board level and she has provided a sounding board for many CEOs and MDs. She is an Associate CIPD and brings a wealth of experience in good people management and business development. Kiran was appointed to the Board in 2013 and to the role of Chief Executive Officer during 2016.

Alan Charlton - Non-Executive Director

Alan has more than 30 years' experience in the retail industry and has held senior roles across a wide range of sub-sectors, including department stores, clothing retail and furniture. His previous roles include 10 years as Finance Director of the Austin Reed Group between 2006 and 2016, and various senior positions within the Arcadia Group between 1994 and 2006, including Group Commercial Director, Group Retail Planning Director, and Finance Director of Burton Menswear and Dorothy Perkins. Alan qualified as a Chartered Management Accountant in 1987. Alan Charlton acted as a consultant capacity to the Company since February 2020 and was appointed to the Board in April 2020.

Stephen Huggett - Non-Executive Director

Stephen, a Chartered Accountant, has over 30 years' experience developing financial strategies within the manufacturing, hospitality, retail, leisure and services sectors. Stephen has forged a reputation as a pioneer in change management. Extensive corporate finance experience including flotations in both the UK and USA. Stephen brings the essential clarity and focus to corporate endeavours by connecting vision to clear and actionable solutions. Having acted as Head of Finance to John Lewis of Hungerford Plc for 3 years until May 2019 and was appointed to the Board in April 2020. Stephen's knowledge of the business continues to be invaluable to the Board.

The Board currently comprises two male Non–Executive Directors and one female Executive Director. We have a diverse Board and promote inclusivity and diversity across the business. Currently there is no Senior Independent Director, but it is the intention of the Board to address this in the next 12 months.

The Executive Directors' contract is available for inspection, as are the Letters of Appointment for the Non-Executive Directors, at JLH's registered office and at the AGM.

The Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

Given its size the Board undertakes an annual self-evaluation, led by the Acting Chairman. This includes a Skills Analysis and a Gap Analysis to understand what skills would add further value to the Board as we look to extend the Board in the future.

Principle 8: Promote a culture that is based on ethical values and behaviours

The Board of JLH look to lead by example in terms of looking after the best interests of its staff, customers, suppliers, shareholders and local communities. It is the belief of the Board that by taking this approach the Board encourages best practice amongst its stakeholders, particularly the employees. With a diverse Board and team within the business, we work hard to ensure that there is management oversight to ensure that we are free of any workplace bullying or harassment. There is an Employee Handbook which details the accepted Code of Conduct, the respect expected amongst colleagues and all business partners, and the ethical approach we take to the way in which we conduct business.

JLH actively looks at ways of improving its carbon footprint through reductions in plastics in our packaging and through the recycling of our waste. We also look at ways of supporting local schools and community groups wherever possible.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

JLH is governed by its Board, supported by the Remuneration and Audit Committees. The Board meets 10 times a year either at Head Office or in a Company showroom. The Board is furnished with monthly reports on sales, finance and operations together with marketing and such other ad hoc reports as are deemed necessary. Both the Audit and Remuneration Committees meet twice a year.

The Board meetings are governed by a formal agenda with detailed minutes taken and circulated to all Directors for comment prior to being formally approved by the Acting Chairman at the next Board meeting.

The Board is responsible for the overall strategy, approval of the strategic plan, budget and capital expenditure. It is also responsible for the approval of the interim and full year results. In completing this role it is also responsible for monitoring the performance of the business against budget and any actions.

The Acting Chairman, CEO and Non-Executive Directors Roles

There is a division of responsibility within the Board. The Acting Chairman is responsible for running the Board and its outcomes as well as directing and monitoring the strategic direction of JLH. The Chief Executive Officer proposes the strategic direction of JLH to the Board, implementing the strategic plan, once it is approved, and overseeing the management of the business through the Executive Management Team.

The Non-Executive Directors provide independence, in addition to the oversight and scrutiny of the Executive Director.

The Audit Committee is responsible for liaising with the auditors, challenging their work and any conclusions drawn by them in their work and reporting back findings as well as negotiating their fee.

The key activities for the Committee for the year under review was to ensure that the presentation of the Company's audited results for the year ended 30 June 2021 and the unaudited interim results for the 6 months to 31 December 2020 were fair, balanced and understandable for shareholders and other users of the accounts to assess the Company's position and performance.

The Audit Committee regularly reviews and reports to the Board on the effectiveness of the system of internal control. Given the size of the Company and the relative simplicity of the systems, the Board considers that there is no current requirement for an internal audit function. The procedures that have been established to provide internal financial control for the Company are considered appropriate for a company of its size and include controls over expenditure, regular reconciliations and management accounts. The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Given the size of the Company, the responsibilities and activities of the Audit Committee are included above and not in a separate Audit Committee Report.

The Remuneration Committee is responsible for setting the salaries and other benefits of the Executive Directors, together with matters relating to the awards across all employees from any share scheme and / or Long Term Incentive Plans.

There is currently no Nominations Committee.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant parties.

JLH communicates with shareholders in a variety of ways from regular RNS announcements, the Annual General Meeting, Full year and Half Year Accounts and Annual Shareholder presentation as well as informal telephone calls and e-mails.

The voting results of Annual General Meetings have not historically been promulgated via RNS and on the JLH website however JLH will do this going forward. Any vote of 20% or more against a resolution will in future therefore be clearly identified.

GOVERNANCE

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 International Financial Reporting Standards as adopted by the EU. 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 year. In preparing these financial statements, the Directors are required to:

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

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

Financial information is published on the Company’s website. The maintenance and integrity of this website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may occur to the financial statements after they are initially presented on the website.

It should be noted that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the members of John Lewis of Hungerford plc

Opinion

We have audited the financial statements of John Lewis of Hungerford Plc (the 'Company') for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the Company's profit for the year then ended;
- the financial statements of the Company have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further discussed in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standards as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits we also addressed the risk of management override of internal controls, including evaluating whether there is evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account our understanding of the Company and their environment, the accounting processes and controls, and the industry in which the Company operates.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the Key audit matters section below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Key Audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on; the overall audit strategy; the allocation of resources in the audit; and directing efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition
Risk description
There is an inherent risk of error and fraud regarding revenue.

How the scope of our audit responded to the risk

To assess the appropriateness and completeness of revenue recognised in the year we performed the following procedures:

- discussed the revenue recognition policy with management and performed a walkthrough to understand the revenue recognition process;
- examined a sample of revenue transactions by reference to underlying contractual terms;
- examined, on a sample basis, sales orders, goods delivery notes, invoices and postings for items despatched during the year and around the period end;
- reviewed manual journals posted to the revenue account in the period and subsequent to year-end gaining an understanding of the appropriateness of these;
- considered the appropriateness and application of the Company's accounting policy for revenue recognition; and
- considered the disclosures in the financial statements regarding revenue.

Key observations
The results of our testing were satisfactory and we consider the disclosures surrounding revenue to be appropriate.

Management override
Risk description
In preparing the financial statements management are required to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not available from other sources.

How the scope of our audit responded to the risk
During the course of our audit we performed the following procedures to address the risk of management override:

- gained an understanding through walkthroughs performed and discussions with management of the process in place for posting journal entries;
- assessed the appropriateness of accounting policy choices made by management and the basis of key judgements, estimates and assumptions;
- reviewed manual journal entries posted within the period for indicators of management bias, transactions outside the normal course of business or indicators of fraudulent activity;
- examined, on a sample basis, manual journals deemed to be higher risk gaining an appropriate understanding of the business rationale as well as confirming the accuracy of postings; and
- considered the value, nature and cause of misstatements identified during the course of the audit to identify indicators of bias.

Key observations
The results of our testing were satisfactory and we consider the disclosures surrounding accounting policy choices and key accounting judgements to be appropriate.

Completeness and cut-off of liabilities
Risk description
The Company's accounting system closes at the financial year-end and therefore liabilities in respect of the year ended 30 June 2021 must be accrued and manually reviewed for adjustment.

How the scope of our audit responded to the risk

During the course of our audit, we performed the following procedures to address the risk of completeness and cut-off of liabilities:

- gained an understanding through walkthroughs performed and discussions with management of the process in place for recording accruals and other liabilities;
- examined on a sample basis transactions undertaking around the year-end to test for cut-off and ensure liabilities were recorded in the correct accounting period; and
- reviewed post year-end payments and invoices to confirm that year-end liabilities were complete.

Key observations
The results of our testing were satisfactory and we consider the disclosures surrounding completeness and cut-off of liabilities to be appropriate.

Impairment of non-financial assets
Risk description
The Company's historical performance, and the uncertainty as a result of the Covid-19 pandemic, are potential indicators of impairment. The annual impairment review relies on significant estimation and judgement in the selection of the key inputs which can have a significant impact on the calculated net present value for each Cash Generating Unit (CGU). There is also a risk that the estimates and judgements used in the impairment review for each CGU, which include inputs such as forecasted cash flows, discount rates and growth rates, are inappropriate and that an impairment charge may be required.

How the scope of our audit responded to the risk

- we considered the appropriateness of the Directors' judgements regarding the identification of cash-generating units;
- we obtained management's forecast cash flows covering the five-year period to 30 June 2026;
- we discussed with management the basis of the key assumptions used in the impairment model, being the revenue growth, discount rate, cost of inflation, capital expenditure and long-term growth from 2026. We challenged the reasonableness of these assumptions by reference to historical and external data;
- we performed our own sensitivity analysis on the impairment assumptions used in management's forecasts.

Key observations
The results of our testing were satisfactory and we consider the assumptions used by management to be within acceptable ranges.

Going Concern

Risk description

An entity shall prepare the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. The determination of the preparation of the financial statements on a going concern requires management to make key judgements over the future anticipated performance of the Company for at a period of at least twelve months from the date of approval of the financial statements.

How the scope of our audit responded to the risk

- we obtained management's forecast cash flows covering a period of at least twelve months from approval of the financial statements;
- we challenged the Directors in respect of the assumptions used in the going concern assessment and reviewed the Directors' assumptions regarding a reduction in sales of up to 15% of the Company's sales forecasts for the period of at least 12 months from approval in the event of any potential lockdown or other business impacts related to the ongoing pandemic.
- we compared forecast future cash flows to historical data and post year-end performance, ensuring variations are in line with our expectations and understanding of the business and considered the reliability of past forecast;
- we performed our own sensitivity analysis on management's forecast cash flows; and
- we have assessed the adequacy of disclosures within the Annual Report.

Key observations

The results of our testing were satisfactory and we consider the disclosures relating to the preparation of the financial statements on a going concern basis to be appropriate.

Valuation of freehold properties

Management account for freehold properties under the revaluation model in accordance with IAS 16. Management must undertake a revaluation of freehold properties held under the revaluation model with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

How the scope of our audit responded to the risk

- We challenged management on the frequency of revaluations and the subjectivity of the freehold properties to a material change in fair value at 30 June 2021;
- We reviewed market reports and considered a range of properties of a similar scope to identify the subjectivity of freehold properties to a material fair value adjustment;
- We considered a range of estimates and assumptions that would reasonably be applied in assessing the value of freehold properties at 30 June 2021;
- We have assessed the adequacy of the disclosures in the financial statements.

Key Observations

The results of our testing were satisfactory and we consider the disclosures surrounding the valuation of freehold properties under the revaluation model to be appropriate.

Our application of materiality

We define materiality as the magnitude of mis-statement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

On the basis the Company's focus is on increasing sales significantly and transitioning from significant losses towards profitability, a turnover rather than profit measure was deemed the most appropriate benchmark to use to calculate materiality. Having regard to both the size of the business and its performance, 1% of turnover was viewed as an appropriate level to set materiality. Based on our professional judgement materiality was set at £78,800 (2020: £55,500). Performance materiality of £55,200 based on 70% of materiality (2020: £38,900) was applied for testing and it was agreed with the Board that we would report on all audit differences in excess of £3,900 (2020: £2,800), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Materiality in the prior year was based on a turnover based benchmark.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Further details of how we evaluated management's assessment and the key observations arising with respect to that evaluation are detailed in the key audit matters above.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information included in the annual report

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated we do not express any form of assurance conclusion 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 of otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibility set out on page 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 operating, or have no realistic alternative but to do so.

Auditor's 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 Auditor's 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing reports and submissions with regulatory bodies including enquiries of those in compliance functions;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

James Pitt BA BFP FCA (Senior Statutory Auditor)
for and on behalf of

James Cowper Kreston
Chartered Accountants and Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
OX2 9GG
United Kingdom

8 November 2021

FINANCIAL STATEMENTS

Income Statement for the year ended 30 June 2021

	Notes	2021	2020
		£	£
Revenue	*1, 2, 3*	7,877,130	5,552,564
Cost of sales		(4,165,462)	(3,003,810)
Gross profit		3,711,668	2,548,754
Selling and distribution costs		(408,863)	(413,375)
Administrative expenses	*4*	(3,160,325)	(3,080,877)
Other operating income	*4*	165,012	210,000
Total		(2,995,313)	(2,870,877)
Profit/(loss) from operations	*4*	307,492	(735,498)
Finance income	*7*	297	336
Finance expenses	*8*	(227,255)	(150,654)
Profit/(loss) before tax		80,534	(885,816)
Tax Credit	*9*	124,549	94,592
Profit/(loss) for the year		205,083	(791,224)
Earnings / (Loss) per share	*10*		
Basic		0.11p	(0.42)p
Fully diluted		0.10p	(0.42)p

Statement of Comprehensive Income for the year ended 30 June 2021

		2021	2020
	Notes	**£**	£
Profit/(loss) for the year		205,083	(791,224)
Revaluation of freehold land and buildings	*12*	-	692,477
Deferred tax on revaluation of freehold land and buildings	*19*	(42,549)	(131,571)
Total Comprehensive Income		**162,534**	**(230,318)**

Statement of Financial Position as at 30 June 2021

	Notes	30 June 2021 £	30 June 2020 £
Non-current assets			
Intangible assets	*11*	140,470	157,190
Property, plant and equipment	*12*	2,629,053	2,790,875
Right of use assets	*13*	1,372,434	1,444,476
Trade and other receivables	*16*	31,500	42,750
		4,173,457	4,435,291
Current assets			
Inventories	*15*	193,133	152,530
Trade and other receivables	*16*	868,878	542,526
Deferred tax asset	*19*	82,000	-
Cash and cash equivalents		1,301,612	558,765
		2,445,623	1,253,821
Total assets		6,619,080	5,689,112
Current liabilities			
Trade and other payables	*17*	(2,052,345)	(1,454,231)
Customer deposits		(944,000)	(581,058)
Lease liabilities	*14*	(264,168)	(242,253)
Provisions	*20*	(29,998)	(60,998)
Borrowings	*18*	-	(111,701)
		(3,290,511)	(2,450,241)
Non-current liabilities			
Borrowings	*18*	(1,137,146)	(1,156,033)
Lease liabilities	*14*	(1,335,874)	(1,432,063)
Provisions	*20*	(52,632)	(56,055)
		(2,525,652)	(2,644,151)
Total liabilities		(5,816,163)	(5,094,392)
Net assets		**802,917**	**594,720**
Equity			
Share Capital	*23*	193,945	186,745
Share Premium		1,222,433	1,188,021
Other Reserves		1,421	1,421
Revaluation reserve		518,357	560,906
Retained Earnings		(1,133,239)	(1,342,373)
Total equity		**802,917**	**594,720**

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2021 and were signed on its behalf by:

Kiran Noonan
Director

Stephen Huggett
Director

Statement of Changes in Equity for the year ended 30 June 2021

	Share Capital	**Share Premium**	**Other Reserves**	**Revaluation Reserve**	**Retained Earnings**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
At 30 June 2019	186,745	1,188,021	1,421	-	(556,114)	820,073
Loss for the year	-	-	-	-	(791,224)	(791,224)
Revaluation of freeholds	-	-	-	692,477	-	692,477
Deferred tax on Revaluation of freeholds	-	-	-	(131,571)	-	(131,571)
Share based payments	-	-	-	-	4,965	4,965
At 30 June 2020	186,745	1,188,021	1,421	560,906	(1,342,373)	594,720
Profit for the year	-	-	-	-	205,083	205,083
Share issue	7,200	34,412	-	-	-	41,612
Deferred tax on Revaluation of freeholds	-	-	-	(42,549)	-	(42,549)
Share based payments	-	-	-	-	4,051	4,051
At 30 June 2021	**193,945**	**1,222,433**	**1,421**	**518,357**	**(1,133,239)**	**802,917**

Statement of Cash Flows for the year ended 30 June 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit/(loss) from operations after tax	432,041	(640,906)
Amortisation of intangible assets	32,970	32,839
Depreciation and impairment of property, plant and equipment	188,403	219,769
Depreciation of right of use assets	256,990	313,625
Share based payments	4,051	4,965
Loss/(profit) on disposal of property, plant and equipment	3,237	(1,237)
(Increase) in inventories	(40,603)	(8,508)
(Increase)/decrease in receivables	(315,102)	157,088
Increase/(decrease) in payables	598,114	(96,114)
Increase in Customer Deposits	362,942	211,806
(Decrease)/increase in provisions	(34,423)	12,000
Cash generated from operations	1,488,620	205,327
Tax (Credit) on Operations	(124,549)	(94,592)
Net cash from operating activities	**1,364,071**	**110,735**
Cash flows from investing activities		
Purchase of intangible assets	(16,250)	(10,737)
Purchase of property, plant and equipment	(27,317)	(27,538)
Net proceeds from sale of property, plant and equipment	(2,487)	10,480
Interest received	297	336
Net cash used in investing activities	**(45,757)**	**(27,459)**
Cash flows from financing activities		
Interest paid	(125,970)	(150,654)
Increase in borrowings	-	1,079,000
Allotment of shares	41,608	-
Repayment of borrowings - finance leases	(18,887)	(32,483)
Repayment of borrowings - bank loans	(111,701)	(380,106)
Repayment of IFRS 16 lease liabilities	(360,517)	(327,455)
Net cash used in financing activities	**(575,467)**	**188,302**
Net increase in cash and cash equivalents	**742,847**	**271,578**
Net cash and cash equivalents at the start of the period	558,765	287,187
Net cash and cash equivalents at the end of the year	**1,301,612**	**558,765**
Net cash and cash equivalents comprise:		
Cash at bank and in hand	1,301,612	558,765
Bank overdrafts	-	-
	1,301,612	**558,765**

The table below sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Reconciliation of Net debt

	Liabilities from financing activities			*Other assets*
	Borrowings	**Lease liabilities**	**Sub-total**	**Cash balances**
Net debt as at 1 July 2019	601,323	2,001,771	2,603,094	287,187
Cash Flows	666,411	(327,455)	338,956	271,578
Net debt as at 30 June 2020	1,267,734	1,674,316	2,942,050	558,765
Cash Flows	(130,588)	(239,363)	(369,951)	742,847
New leases	-	165,089	165,089	-
Net debt as at 30 June 2021	1,137,146	1,600,042	2,737,188	1,301,612

FINANCIAL STATEMENTS

Notes to the Financial Statements

1 ACCOUNTING POLICIES

1.1 Basis of preparation

John Lewis of Hungerford plc is a public limited company listed on the London AIM market and incorporated and domiciled in England and Wales. The Company's financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company's financial statements are presented in Sterling and rounded to whole pounds.

The Company's Registered address and principal activity is as stated on page 2 & 3 of this Annual Report.

Use of estimates and significant judgements

The presentation of the annual financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis.

The Directors consider that the following are the most critical judgements made in the process of applying the Company's accounting policies which could have the most significant effect on the amounts recognised in the financial statements.

IFRS 16

Lease Term

Estimation of the lease term in the application of IFRS16 has a significant impact on the calculation of both the Right of Use Asset and the Lease liability. Management has estimated that the estate currently would be anticipated to continue to the end of the lease and to not take advantage of any expected breaks.

Discount Rate

The estimation of the discount rate in the application of IFRS16 has a significant impact on the calculation of both the Right of Use Asset and the Lease liability. Management has used the estimated incremental rate of borrowing with reference to an average of the bank loans which were held previously (a range of 5.3% to 7.55%).

Slow Moving Stock provision

Inventory is recognised at the lower of cost and net realisable value (NRV). The provision for slow moving stock is based upon an analysis of stock items which have had slow or minimal turnover during the prior 12 months and an estimate of their likelihood of being used in the future. In reference to this, a slow moving stock provision is calculated.

Dilapidations provision

The Company makes such provision for dilapidations relating to its leasehold showroom estate as it considers necessary. From review of exiting previous showrooms and industry averages, Management have estimated that a provision of £5 per square foot will give a reasonable estimate of any future costs of exiting the showroom estate.

Fair value of Freehold Property

The Company's freehold property is held at its fair value. The freehold property was revalued by an external independent valuer as at February 2020. The Directors do not consider the fair value to be materially different to the carrying value at the reporting date.

Warranty provision
The Company makes provision for potential future warranty claims on kitchens & bedrooms sold. Management estimates this initially based on an analysis of expenditure from the previous 12 month period. Management will then use judgement from historical claims to estimate whether to increase or release the provision depending on expectations of the coming 12 month period.

Useful Economic lives (All Non-Current Assets)
Estimation of the useful economic lives will have a material impact on the depreciation charge to the income statement during a given period as well as the carrying value of any assets. Management estimate useful economic lives according to the period which the Company expects to receive economic benefits from the respective assets and applies them on a consistent basis. Details of the useful economic lives of assets can be seen below in the Accounting Policy notes 1.3 to 1.6.

Impairment of Non-Financial Assets
The Directors consider there to be one cash generating unit for the purposes of impairment.

At each period end, the non-current assets are reviewed for signs of impairment. If present, the net book value of the non-current assets are reviewed against the future discounted cashflows expected to be generated by the business. Any change necessary would then be charged to the income statement as an impairment loss in the period incurred.

Key assumptions used in the impairment review were in the range of:

Sales Growth	5% - 10%
Gross Margin	46% - 48%
Cost inflation	2%
Annual Capital expenditure	£200k
Discount rate	11%

Assumption	*Approach used to determining values*
Sales Growth	Average annual growth rate over the five-year forecast period; based on past performance and a prudent assessment of management expectation going forward.
Gross Margin	Estimated using the Company's historical average performance.
Cost inflation	Management estimate of cost inflation for the forecast period.
Annual Capital expenditure	Management estimate of capital expenditure over the five year period following an assessment of the priorities within the business.
Discount rate	A range calculated by using the Company's current cost of capital including a small company premium.

Recognition of Deferred Tax Asset
The Company has recognised Deferred tax losses based on Management assessment of the performance year to date and the trading outlook for the new financial year. In recognition of the inherent uncertainties going forward Management has elected not to recognise the remaining balance at 30 June 2021.

Going concern
The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons:

The results show that the Company made a profit after tax during the year of £204k (2020: loss after tax of £791k) and had net current liabilities of £844k (2020: £1,196k) as at 30 June 2021.

The year finished with a positive gross cash position of £1,302k (2020: £559k). The Company has total loans of £1,137k (2020: £1,268k) of which £1,079k (2020: £1,192k) is secured on its freehold properties, and net cash excluding IFRS 16 lease liabilities was therefore £165k (2020: net debt £708k; 2019: net debt £314k). The Company is pleased to have improved from a net debt of £708k to a positive net cash position after loans of £165k in the financial year, an improvement of +£872k, with EBITDA (pre IFRS 16) of £424k (2020: -£388k). Customer deposits of £944k (2020: £581k) are £363k higher than last year, reflecting the strength of the order book at year end.

The Company owns the Freehold of its Head Office and Factory in Wantage and its Showroom in Hungerford, which were revalued in February 2020 and have a Net Book Value of £1,872k (2020: £1,896k) as at 30 June 2021. The total Net Assets at 30 June 2021 were £803k (2020: £595k). The Directors have had preliminary contact with lenders to re-finance the loan, based on our return to profitability, asset backing and stronger cash generation. It is the intention of the Directors to refinance the loan at the earliest opportunity.

The Trading Outlook within the Chief Executive's Business Review shows that the level of orders secured in the first 18 weeks of the year has remained high. Despatched sales, forward committed orders and future orders against which a first stage deposit has been taken, stood at £7.4m (2020: £4.9m; 2019: £4.4m), which is significantly ahead of the corresponding periods in both prior years FY20 and the non-disrupted FY19, which leads the Directors to believe that there is now sustained levels of consumer interest in home improvements.

The Company has successfully developed a hybrid working model allowing the business to work effectively during normal trading conditions and during lockdowns, when the showrooms have been closed. This transition to digital working practices, further gives the Directors the confidence that the Company can now withstand any disruption that may arise from the ongoing pandemic.

The Directors have developed a carefully considered Plan for FY22, structured through the use of individual building blocks, supported by substantive rationale. Cash flows have been prepared for a reasonably foreseeable period of at least twelve months from the date of signing of these financial statements.

For additional prudence, the Directors have modelled a sensitivity analysis up to a 15% reduction in sales against this Plan and for a period of twelve months from the date of signing, to be assured that the Company can withstand any potential periods of lockdown or other business impacts related to the ongoing pandemic.

As the Company operates a made-to-order, negative working capital model, it is reliant on the cash flows from customer deposits and completion of sales to be able to meet its liabilities as they fall due. The Directors have considered all of the factors noted above, including the strength in the Company's current trading and forward order book, together with the high levels of quoted business, the support of its landlords and suppliers, plus, the government support available. Taking these factors into account, balanced with the inherent uncertainty associated with forecasting the impact of the Covid-19 pandemic, the Directors are confident that the Company has adequate resources to continue to meet all liabilities, as and when they fall due, for the reasonably foreseeable future and, at least for the period of twelve months from the date of approval of these financial statements.

SIGNIFICANT ACCOUNTING POLICIES

1.2 Revenue

The Company's revenue arises principally from the sale of products and installation services to consumers from the Company's showrooms. The revenue is predominantly derived in the UK.

Contracts with customers are for a fully managed project which includes the sale of products, the related installation and any other services and includes one performance obligation. Payment is made by the customer for the project via a 50% deposit on completion of the design and with the balance paid prior to shipping the goods. The Contract Liabilities arising from these cash receipts are recorded in the Statement of Financial Position as Customer Deposits.

The Company has concluded that revenue from the sale of projects should be recognised at a point in time when control of the goods are transferred to the consumer, which is the point of dispatch. At this point the Company also has certainty over the value of the sale and is certain of the payment terms as any debt due from the customer has been settled.

The customer has a 10 year warranty which covers the manufactured and installed cabinetry on completion of the order.

Revenue is measured at the invoice price less any discounts offered.

1.3 Intangible assets - trademarks

Trademarks are stated at cost less amortisation to date. Amortisation is provided so as to write off their cost over the expected useful life of 10 years, on a straight-line basis.

1.4 Intangible assets - development costs

Development costs are stated at cost less amortisation to date. Amortisation is provided so as to write off their cost over the expected useful life of 5 - 10 years, on a straight-line basis.

Development costs are capitalised once it has been demonstrated that:
- the intangible asset will generate probable future economic benefits
- there is an intention from management to complete the intangible asset and use or sell it.
- there are adequate resources to complete the development and to use or sell the intangible asset.
- the business has the ability to complete and use or sell the intangible asset.
- the project is technically feasible to be completed.
- the cost to be incurred during the assets development can be measured reliably.

Capitalised development costs include related costs for employees who are directly related to the project.

1.5 Intangible assets - software costs

Software costs are stated at cost less amortisation to date. Amortisation is provided so as to write off the cost over the expected useful life of 10 years, on a straight-line basis.

1.6 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation with the exception of freehold property which is measured under the revaluation model. Cost includes purchase price and any directly attributable costs. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant & machinery and loose tools	10% straight-line
Office Fixtures & fittings and IT equipment	10% and 33% straight-line
Showroom display and shop fittings	33% reducing balance and 10% straight-line; 20% straight-line on new showroom displays.

No depreciation is provided in respect of freehold land. The costs of acquiring showroom leases are included in the cost of showroom display units and shop fittings.

The Freehold property asset class changed in the prior year from a cost less depreciation valuation policy to a revaluation policy following a valuation undertaken by an independent surveyor during February 2020. This generated a revaluation surplus of £692,477 in the year ended 30 June 2020.

1.7 Leases

The Company has applied IFRS 16 issued in January 2016 with an initial application date of 1 July 2019. The Company has applied IFRS 16 using the full retrospective approach applying IFRS 16 at the initial application date as if the standard had already been effective at the commencement date of the Company's existing lease contracts.

The Company currently leases 10 Showrooms after the decision to come out of the Showroom in Oxford in December 2020. Rental contracts are typically entered into for fixed periods of ten to fifteen years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements are not included in net debt calculations on loan covenants, therefore do not affect the covenant ratios of the Company.

Cash outflows from each lease payment are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease transactions are subject to the same rules as other temporary differences. The Company considers the lease as a single transaction in which the asset and liability are integrally linked, so there is no net temporary difference at inception. Subsequently, as differences arise on settlement of the liability and the depreciation of the leased asset, there will be a net temporary difference on which deferred tax is recognised.

Right-of-use assets

Right-of-use assets comprising leases over showroom premises are measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is initially recognised at cost comprising of:

a. amount of the initial measurement of the lease liability;
b. any lease payments made at or before the commencement date, less any lease incentives received;
c. any initial direct costs incurred by the Company; and
d. an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Company performs subsequent measurement for the right-of-use asset by:

a. netting-off depreciation and reducing impairment losses from the right-of-use assets; and
b. adjusting for certain remeasurements of the lease liability recognised at the present value.

Depreciation is computed on a straight-line basis over the estimated useful lives, weighing the estimated life of the asset, future economic benefits expected and lease term of the asset and chooses the shorter of the three.

For the purpose of impairment testing, right-of-use assets are considered to be one cash generating unit. Impairment reviews for right-of-use assets are undertaken if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

Payments associated with the leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. There are no residual value guarantees and the initial direct costs are negligible.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments;
b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

After initial recognition, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised fixed lease payments.

(i) Extension and termination options

In determining the lease liability, the Company considers the extension and termination options. The majority of extension and termination options held are exercisable both by the company and by the respective lessor.

Extension options are available for the majority of contracts. Periods covered by an option to extend the lease term are included in the lease term if the lessee is reasonably certain to exercise that option. The same rationale applies to termination options. The term covered by a termination option is not included in the lease term if the lessee is reasonably certain not to exercise the option. Otherwise, the lease term ends at the point in time when the lessee can exercise the termination option.

(ii) Critical judgements in determining the lease term

Lease terms are generally negotiated on an individual basis and contain a wide range of terms and conditions, such as early termination clauses and renewal rights. Termination clauses and renewal rights are included in several leases across the Company's lease agreements. They are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal right, or not exercise a termination clause. Both options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

After the commencement date, the Company reassesses the lease term for each contract if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. Critical judgements used in determining the lease terms are:

• the Company extends the lease term of properties' lease contracts between one and five years;

During the current financial year, there was one new lease liability recognised following an extension to the lease in our Beaconsfield showroom. This created a new lease liability of £184,958.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. Factors that are considered in terminating or renewing leases include amongst others:

- location of the showroom;
- leasehold improvements made with a significant remaining value; and
- costs and business disruption required to replace a leased asset.

(iii) Discount rates used

The discount rate to be used should be the interest rate implicit in the lease, if that rate can be readily determined. This is the rate of interest that causes the present value of: (a) lease payments; and (b) the unguaranteed residual value to equal the sum of: (i) the fair value of the underlying asset; and (ii) any initial direct costs of the lessor. However, since the implicit rate cannot be readily determined, the incremental borrowing rate is used in calculating the present value of lease payments during the lease terms that are not paid at that date. Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company uses rates applicable to recent third-party financing from banks and adjusts (if necessary) to reflect changes in financing conditions.

Exemptions and simplifications
Payments for leases of low-value assets such as IT equipment (mainly printers & laptops etc.) are not included in the measurement of the lease liabilities within the scope of IFRS 16. Lease payments of these contracts continue to be recognised in profit or loss in the related period.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value less any provision for slow moving stock items.

Cost includes all direct costs incurred in bringing the goods to their present location and condition. The purchase of raw materials is calculated on a weighted average cost basis. The cost of work-in-progress includes an appropriate portion of manufacturing overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

1.9 Pensions

The Company operates a defined contribution personal pension scheme for its employees. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

1.10 Current and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates substantively enacted at the reporting date.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

1.11 Financial instruments

Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. Trade and other receivables and trade and other payables are initially recognised at fair value and then carried at amortised cost net of impairment provisions.

All loans and borrowings are recognised at fair value. Borrowing costs are recognised as an expense over the term of the borrowing. Borrowings are classed as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument.

The Company policy is that no trading in financial instruments shall be undertaken.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank balances. There are no access restrictions on cash balances held on deposit. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Where overdraft facilities are used, these are separately disclosed in the statement of cash flows.

1.13 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the greater of net selling price 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement.

1.14 Product warranty claims

The Company makes provision for potential future warranty claims. This provision is reviewed and adjusted annually based on the levels of turnover achieved and the claims recorded in the same 12 month period.

1.15 Dilapidations on leasehold property

The Board will review its showroom estate on an annual basis and make such provision for dilapidations as it considers necessary based on the length of the remaining term for each showroom, the future plans for each showroom and based on this, review independent professional advice as to the costs of exiting a site.

1.16 Government Grants

Where possible any receipts for Government Grants are offset against the specific costs which they are intended to cover. If this is not possible, they are disclosed separately on the Income Statement in the accounting period to which they relate.

1.17 New standards and interpretations not yet adopted

There have been no new international reporting standards, amendments and interpretations that have had a material impact on the Company for the year ended 30 June 2021.

Standards and interpretations not yet effective

IFRS 17 – Insurance contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

Effective for annual reporting periods beginning on or after 1 January 2021.

As the Company does not offer insurance products this new standard does not have a material impact on the Company.

Classification of liabilities as current or non-current (amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Effective for annual reporting periods beginning on or after 1 January 2022.

The Company expects to adopt the amendment for the first time in the 2022 annual financial statements. The impact of this amendment will depend on the nature of debt and other liabilities arising.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Effective for annual reporting periods beginning on or after 1 January 2022.

The Company expects to adopt the amendment for the first time in the 2022 annual financial statements. The Company does not expect this amendment will have a material impact.

Annual Improvements 2018-2020 Cycle

These annual improvements will make the following amendments:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IAS 41 Agriculture - Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Effective for annual reporting periods beginning on or after 1 January 2022.

The Company expects to adopt the amendment for the first time in the 2022 annual financial statements. The Company does not expect this amendment will have a material impact.

Reference to the Conceptual Framework (Amendments to IFRS 3)
These amendments will result in the following changes to IFRS 3:

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective for annual reporting periods beginning on or after 1 January 2022.

The Company expects to adopt the amendment for the first time in the 2022 annual financial statements. The impact of this amendment will depend on the nature of future acquisitions under IFRS 3.

2 REVENUES FROM CONTRACTS WITH CUSTOMERS

The Company's revenue arises from the sale of goods and of fully managed kitchen projects to customers which comprises the sale of products, the related installation and any other services and includes one performance obligation. Payment is made by the customer for the project via a 50% deposit on completion of the design and with the balance paid prior to shipping the goods. All revenue is from the same geographical region and recognised at the point of dispatch.

Revenues from one single customer do not account for more than 10% of the overall revenue total in either the current or prior years.

Revenues are analysed as follows:

	2021	**2020**
	£	£
Sales of fully managed kitchen & bedroom projects	7,877,130	5,552,564
Total revenues	7,877,130	5,552,564

The company has recognised the following liabilities related to contracts with customers:

	2021	**2020**
	£	£
Customer Deposits	(944,000)	(581,058)
Total Customer Deposits	(944,000)	(581,058)

3 OPERATING SEGMENTS

In accordance with the Company's risks and returns, the definition of segments for primary and secondary segment reporting reflects the internal management reporting structure. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment expenses consist of directly attributable costs and other costs, which are allocated based on relevant criteria. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments. The Board considers that the retail, manufacture, supply and installation of kitchen units, bedrooms and furniture represents the only reportable operating segment.

4 PROFIT/(LOSS) FROM OPERATIONS

	2021	2020
	£	£
Profit/(loss) from operations is stated after charging:		
Auditors remuneration - Company audit	26,900	18,500
Auditors remuneration - taxation services	3,600	3,500
Amortisation of intangible fixed assets	32,970	32,839
Depreciation of owned property plant and equipment	175,959	196,259
Depreciation of plant and equipment held on finance leases	12,444	18,043
Depreciation of Right of Use Assets	256,990	313,625
Government Grant - CJRS		
- Direct Factory Labour	(20,571)	(26,373)
- Other Salaries	(62,564)	(56,819)
Other Operating Income - 'Government Grant for Retail Businesses'	(165,012)	(210,000)
Profit / (Loss) on disposal of property, plant and	3,237	(1,237)
Operating lease rentals		
- Plant and machinery	11,610	11,610
Cost of inventories recognised as an expense	2,806,385	1,976,981

5 DIRECTORS' EMOLUMENTS

Details of Directors' remuneration is shown below

	Salary/ fees	*Benefits in kind*	*Pension contribution*	***Total* 2021**	*Total* 2020
	£	£	£	£	£
Kiran Noonan	112,467	-	6,883	119,350	113,721
Alan Charlton	24,500	-	-	24,500	6,500
Stephen Huggett	23,500	-	-	23,500	5,417
Gary O'Brien	-	-	-	-	28,500
James Barnard	-	-	-	-	15,165
	160,467	-	6,883	167,350	169,303

Retirement benefits are accruing for 1 Director (2020 - 1 Director) under defined contribution schemes. Compensation of key management personnel has been disclosed in note 26.

6 EMPLOYEES

Number of employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Directors	3	3
Production	16	16
Sales and distribution	29	30
Administration	7	5
	55	54

	2021	2020
	£	£
Employment costs		
Wages and salaries	2,146,861	1,821,723
Social security costs	188,892	189,821
Other pension costs	46,464	46,788
	2,382,217	2,058,332

7 FINANCE INCOME

	2021	2020
	£	£
Bank interest income	297	336

8 FINANCE EXPENSES

	2021	2020
	£	£
Interest payable on loan facility	118,373	27,171
Interest payable on lease liabilities	101,285	113,388
Hire purchase interest	7,597	10,095
	227,255	150,654

9 TAX ON PROFIT / (LOSS) FROM OPERATIONS

	2021	2020
	£	£
Current period taxation		
UK Corporation tax charge for the period	-	-
Research and development tax credit	-	-
Total current tax	-	-
Origination and reversal of temporary timing differences	-	229,886
Current year deferred tax asset recognised / (not recognised)	-	(229,886)
Reversal of previously recognised Deferred Tax asset	82,000	-
Deferred tax credit on losses	-	131,571
Adjustment in respect of previous years Research and Development tax credit	-	(36,979)
Changes in tax rates being 6% impact on the deferred tax asset/liabilities recognised on losses/revaluations in prior year	42,549	-
	124,549	94,592

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2021	2020
	£	£
Profit/(loss) on ordinary activities before tax	80,534	(885,816)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	15,301	(168,305)
Effect of:		
Expenses not deductible for tax purposes	-	1,425
Depreciation on assets not qualifying for tax allowances	2,197	4,498
Other permanent differences	32,992	(7,547)
Adjustment in respect of previous years Research and Development tax credit	-	(36,979)
Prior year adjustment on IFRS16 adoption	-	(47,934)
Effect of change in local corporation tax rate	(104,867)	(12,023)
Deferred tax asset not recognised	(27,623)	229,886
Deferred tax credit on losses	-	131,571
Change of tax rate for DT Asset on Revaluation reserve recognised in OCI	(42,549)	-
Total tax credit / (charge) in income statement	124,549	94,592

On 3rd March 2021, the Chancellor of the Exchequer announced an increase in rate of Corporation tax to 25% to take effect from 1st April 2023 for companies whose profits are greater than £250,000 per annum.

10 EARNINGS PER SHARE

	2021	2020
Earnings/(loss) per ordinary share is calculated as follows:		
Basic		
Profit/(loss) attributable to ordinary shareholders (£)	205,083	(791,224)
Weighted average number of ordinary shares in issue	189,388,807	186,745,519
Earnings/(loss) per ordinary share	0.11 p	(0.42)p
Fully diluted		
Profit/(loss) attributable to ordinary shareholders (£)	205,083	(791,224)
Weighted average number of ordinary shares in issue	189,388,807	186,745,519
Weighted average number of ordinary shares under option	17,478,866	4,369,961
Earnings/(loss) per ordinary share	0.10 p	(0.42)p

Basic earnings per share amounts are calculated by dividing the profit / (loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit / (loss) attributable to ordinary equity holders of the Company by the weighted average number of Ordinary shares outstanding during the year plus the weighted average number of Ordinary shares that would have been issued on the conversion of all dilutive potential Ordinary shares into Ordinary shares.

11 INTANGIBLE NON-CURRENT ASSETS

	Software	Trademarks	Development Costs	Total
	£	£	£	£
Cost				
At 1 July 2019	153,260	57,154	168,171	378,585
Additions	-	3,387	7,350	10,737
At 30 June 2020	153,260	60,541	175,521	389,322
Additions	16,250	-	-	16,250
At 30 June 2021	**169,510**	**60,541**	**175,521**	**405,572**
Amortisation				
At 1 July 2019	56,153	56,697	86,443	176,957
Charge for the year	10,266	354	22,219	32,839
At 30 June 2020	66,419	57,051	108,662	232,132
Charge for the year	10,266	467	22,237	32,970
At 30 June 2021	**76,685**	**57,518**	**130,899**	**265,102**
Net book value				
At 30 June 2021	**92,825**	**3,023**	**44,622**	**140,470**
At 30 June 2020	86,841	3,490	66,859	157,190

Disclosures relating to the impairment review of assets can be seen under the accounting policies note 1.1.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Showroom display & shop fittings	Plant & machinery and loose tools	Office fixtures, fittings & IT equipment	Total
Cost or Revaluation	£	£	£	£	£
At 1 July 2019	1,729,420	2,238,561	560,864	293,254	4,822,099
Additions	-	10,490	3,035	14,012	27,537
Disposals	-	(12,279)	-	-	(12,279)
Revaluation	956,466	-	-	-	956,466
At 30 June 2020	2,685,886	2,236,772	563,899	307,266	5,793,823
Additions	-	8,644	703	17,970	27,317
Disposals	-	(4,147)	(33,974)	(1,104)	(39,225)
Utilise Oxford Dilapidations	(3,423)	-	-	-	(3,423)
At 30 June 2021	**2,682,463**	**2,241,269**	**530,628**	**324,132**	**5,778,492**
Depreciation and impairment					
At 1 July 2019	496,953	1,526,794	279,864	218,615	2,522,226
Charge for the year	23,273	115,874	48,078	27,077	214,302
Revaluation	263,989	-	-	-	263,989
Disposals	-	(3,036)	-	-	(3,036)
Dilapidations Amortisation	5,467	-	-	-	5,467
At 30 June 2020	789,682	1,639,632	327,942	245,692	3,002,948
Charge for the year	23,273	97,239	46,529	20,506	187,547
Disposals	-	(472)	(36,913)	(1,104)	(38,489)
Dilapidations Amortisation	856	-	-	-	856
Utilise Oxford Dilapidations	(3,423)	-	-	-	(3,423)
At 30 June 2021	**810,388**	**1,736,399**	**337,558**	**265,094**	**3,149,439**
				-	
Net book value					
At 30 June 2021	**1,872,075**	**504,870**	**193,070**	**59,038**	**2,629,053**
At 30 June 2020	1,896,204	597,140	235,957	61,574	2,790,875

The freehold land element of freehold land and buildings which was not depreciated was £503,624 (2020 - £503,624). The net book value of items held under finance leases was £93,512 (30 June 2020: £105,956). The depreciation charge for items held under finance leases is shown in note 4.

13 RIGHT OF USE ASSETS

	Right of Use property £	Total £
Cost		
At 1 July 2019	4,236,867	4,236,867
Additions	-	-
At 30 June 2020	4,236,867	4,236,867
Additions	184,949	184,949
At 30 June 2021	**4,421,816**	**4,421,816**
Depreciation		
At 1 July 2019	2,478,766	2,478,766
Charge for the year	313,625	313,625
At 30 June 2020	2,792,391	2,792,391
Charge for the year	256,990	256,990
At 30 June 2021	**3,049,381**	**3,049,381**
Net book value		
At 30 June 2021	**1,372,435**	**1,372,435**
At 30 June 2020	1,444,476	1,444,476

The Company's portfolio of leases consists of 10 leases over showroom premises. Leases generally have an initial term of 15 years, with an option to extend for an additional period of 10 years. Rents payable are generally reviewed at five year intervals.

Amounts recognised in profit and loss	**2021** £	2020 £
Depreciation expense on right-of-use assets	256,990	313,625
Interest expense on lease liabilities	101,285	113,388
Maturity analysis		
to 1 year	254,643	237,593
1 to 2 years	227,627	215,689
2 to 3 years	203,418	188,673
3 to 4 years	199,035	164,464
4 - 5 years	169,819	160,081
> 5 years	317,893	477,976

14 LEASE LIABILITIES

	2021	2020
	£	£
Total lease liabilities	1,600,042	1,674,316
Analysed as:		
Non-current	264,168	242,253
Current	1,335,874	1,432,063
Maturity analysis		
to 1 year	264,168	242,253
1 to 2 years	242,321	228,480
2 to 3 years	222,388	204,381
3 to 4 years	230,235	182,054
4 - 5 years	210,312	187,357
> 5 years	430,618	629,791

The average lease term remaining is 6 years. For the year ended 30 June 2021, the average effective borrowing rate was 6.13% which is management's best estimate of the incremental rate of borrowings. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Sterling

The Company's obligations under leases are secured by the lessors' rights over the leased assets.

15 INVENTORIES

	2021	2020
	£	£
Raw materials and consumables	146,474	116,980
Work in progress	46,659	35,550
	193,133	152,530

Raw materials & consumables stated net of a provision for obsolete stock of £4,570 (2020: £8,882)

16 TRADE AND OTHER RECEIVABLES

	2021	2020
Current assets:	**£**	£
Trade receivables	84,800	79,495
Other receivables	426,209	218,533
Prepayments and accrued income	357,869	244,498
	868,878	542,526
Non-current assets:		
Other receivables	31,500	42,750

Non-current other receivables relate to lease deposits totalling £31,500 (2020: £42,750) which are recoverable after more than one year. These have not been discounted as the impact is not material to the financial statements.

Trade receivables are stated net of provisions for doubtful debts of £10,101 (2020: £12,778). The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Aging of Trade Receivables	**2021**	2020
	£	£
0-30 Days	52,095	45,757
30-60 Days	16,248	2,000
60-90 Days	1,926	-
90 Days +	14,531	31,738
Total	84,800	79,495

Financial Assets at amortised cost comprise of Trade & Other receivables.

17 TRADE PAYABLES AND OTHER PAYABLES

	2021	2020
	£	£
Trade payables	842,354	526,052
Other taxes and social security costs	479,212	453,986
Other payables	8,388	8,055
Accruals and deferred income	722,391	466,138
	2,052,345	1,454,231

Trade Payables are settled on average End of Month following delivery or c45 days.

Financial Liabilities at amortised cost comprise of trade payables, other payables and accruals.

18 BORROWINGS

	2021	2020
	£	£
Loans	1,079,000	1,190,701
Finance lease liabilities	58,146	77,033
	1,137,146	1,267,734
Presented in the balance sheet as:		
Lease liabilities - current	264,168	242,253
Borrowings - current	-	111,701
Borrowings - non-current	1,137,146	1,156,033
	1,401,314	1,509,987
(a) Bank & other borrowings		
Analysis of bank loan repayments:		
In one year or less	-	111,701
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	1,079,000	1,079,000
	1,079,000	1,190,701

The loan is secured by a legal charge over the Company's freehold properties at Park Street, Hungerford, Berkshire and Grove Business Park, Downsview Road, Wantage, Oxfordshire. The interest only loan facility has an interest rate of 10.55% above base rate with a minimum rate of 10.8% per annum, payable monthly on drawn down funds. In case of default, an additional 7.2% interest would be payable under the loan.

In the previous year the company had one bank loan secured by a legal charge over the Company's freehold properties at Park Street, Hungerford, Berkshire and Grove Business Park, Downsview Road, Wantage, Oxfordshire. One of these loans was still outstanding at the previous year end and was repaid on 1st July 2020.

The loan was repayable over 15 years from 22 March 2010 and carried interest at a fixed rate of 7.55% per annum for a period of 10 years and thereafter at a floating rate linked to the Bank of England base rate. The second loan has a value of £0, (2020: £111,701) denominated in Sterling.

	2021	2020
	£	£
(b) Finance lease liabilities		
Gross finance lease liabilities – minimum lease payments:		
In one year or less	21,385	26,484
Between one and five years	36,761	66,212
More than five years	-	-
	58,146	92,696
Future finance charges on finance lease liabilities	(8,065)	(15,663)
Present value of finance lease liabilities	50,081	77,033

Future finance charges on finance lease liabilities are analysed as follows:

	2021	2020
	£	£
In one year or less	(5,099)	(7,597)
Between one and five years	(2,966)	(8,066)
	(8,065)	(15,663)

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

19 DEFERRED TAX ASSETS

Deferred Tax asset

	£
Balance at 1 July 2020	-
Tax losses carried forward	-
Deferred tax on revaluation of freehold property in Other Comprehensive Income	(42,549)
Deferred tax recognised on losses	124,549
Balance at 30 June 2021	82,000

The deferred tax asset consists of the following amounts:

	2021	**2020**
	£	**£**
Capital allowances in excess of depreciation	-	115,358
Tax losses carried forward	(374,188)	(395,655)
Research and development accelerated deductions	-	4,401
Short term timing differences	-	(56,186)
Deferred tax on revaluation of freehold property in Other Comprehensive Income	(174,120)	(131,571)
Deferred tax recognised on profit / loss	256,120	131,571
Deferred tax asset not recognised	374,188	332,082
	82,000	-

The Directors believe that the availability of tax losses will in due course reduce the Company's tax liability in future accounting periods. A portion has been recognised in this accounting period, with a further £374,188 expected to be recognised in the future however, the Directors recognise the estimation uncertainties over the recognition of future taxable losses and have therefore not recognised further deferred tax assets at 30 June 2021.

20 PROVISIONS

	Warranty provision	Dilapidations provision	Total
		£	£
At 1 July 2019	45,575	59,478	105,053
Arising during the year	48,782	-	48,782
Utilised during the year	(36,782)	-	(36,782)
At 30 June 2020	57,575	59,478	117,053
Arising during the period	-	-	-
Utilised during the period	(31,000)	(3,423)	(34,423)
At 30 June 2021	26,575	56,055	82,630

	2021	2020
	£	£
Current	29,998	60,998
Non-Current	52,632	56,055
	82,630	117,053

Warranty provision

The Company makes provision for potential future warranty claims on kitchens & bedrooms sold. This provision is reviewed and adjusted annually based on the levels of turnover achieved and the claims recorded in the same period.

Dilapidations provision

The Company makes such provision for dilapidations relating to its leasehold showroom estate as it considers necessary based on the length of the remaining term for each showroom & the future plans for each showroom. Based on this, experience of exiting previous showrooms and industry averages, Management have estimated that a provision of £5 per square foot will give a reasonable estimate of any futures costs. On exit from a showroom, once the costs have been finalised and the showroom exited, the provision would be released.

21 PENSION COSTS

The Company operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £46,464 (2020: £46,788). The scheme complies with the Auto Enrolment requirements and the Company's staging date was March 2015. The amount of unpaid pension commitments at the year end was £3,831 (2020: £3,738).

22 FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash, one loan and various items such as trade receivables and payables, which arise directly from its operations.

The main risks to the Company are from interest rate movements.

Interest Rate Risk

The Company finances its operations through a mixture of retained profits, and other loans. The Company's exposure to interest rate risk currently applies only to the interest received on cash deposits, interest paid on bank loans and the interest paid on the loan secured against the freehold properties.

Interest rate risk profile

The interest rate profile of the financial assets and liabilities at each period end were as follows:

	2020	2020
	£	£
Floating rate cash and deposits	1,301,612	558,765
Fixed rate loans	-	-
Floating rate loans	1,137,146	1,267,734

Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest on the financial instrument balances at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period.

At the reporting date, if interest rates had been 1% higher and all other variables were held constant, the effect on the Company's net assets would have been reduced by £10,790 (2020: £7,090).

If the company were to default on the loan secured against the freehold property, it would incur an additional 7.2% interest per month. On the current loan balance, this would be an incremental £77,688 per annum.

Foreign Currency Risk

The Company's functional currency is Sterling. The Company does not have material monetary liabilities in currencies other than its functional currency.

Credit Risk

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, namely cash and cash equivalents, trade and other receivables.

At the year end the Company's trade receivables amount to £84,800 (2020: £79,495).

The Company manages its exposure to this risk through its payment terms, which in the majority of cases require payment prior to delivery of product. For any corporate accounts receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Movements in the allowance for doubtful debts are disclosed in note 16.

Liquidity Risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Surplus funds are invested on a short term basis at money market rates and therefore such funds are available at short notice.

Maturities of financial liabilities

as at 30th June 2021	**Trade Payables**	**Other Payables**	**Lease Liabilities**	**Total**
Less than 6 months	842,354	730,779	177,321	**1,750,454**
6 - 12 months	-	-	177,321	**177,321**
1 - 2 years	-	-	317,267	**317,267**
2 - 5 years	-	-	800,175	**800,175**
Over 5 years	-	-	468,211	**468,211**
Total Undiscounted Cashflows	**842,354**	**730,779**	**1,940,295**	**3,513,428**
Total Carrying values	**842,354**	**766,189**	**1,600,042**	**3,208,585**

as at 30th June 2020	**Trade Payables**	**Other Payables**	**Lease Liabilities**	**Total**
Less than 6 months	521,482	474,193	169,008	**1,164,683**
6 - 12 months	4,570	-	169,008	**173,578**
1 - 2 years	-	-	309,642	**309,642**
2 - 5 years	-	-	742,675	**742,675**
Over 5 years	-	-	700,478	**700,478**
Total Undiscounted Cashflows	**526,052**	**474,193**	**2,090,811**	**3,091,056**
Total Carrying values	**526,052**	**474,193**	**1,674,316**	**2,658,451**

Further risks associated with liquidity are disclosed in the going concern accounting policy.

Capital risk management
The Board’s capital objective is to maintain a strong and efficient capital base to support the Company's strategic objectives, provide optimal returns for shareholders and safeguard the Company's status as a going concern. There has been no change to capital risk management policies during the year. The Board monitors a broad range of financial metrics including return on capital employed and balance sheet gearing.

The Board can manage the Company's capital structure by diversifying the debt portfolio, reviewing its dividend policy, issuing new shares or repurchasing shares in the open market and flexing capital expenditure.

Part of the Company's capital risk management is to ensure compliance with the general and financial terms included in the Company's various borrowing facilities. There have been no breaches of these terms in the financial year ended 30 June 2021.

The table below presents quantitative data for the components the Company manages as capital:

	2021	**2020**
	£	£
Total equity	802,917	594,720
Borrowings	1,079,000	1,190,701
	1,881,917	1,785,421

Financial Assets
The Company's financial assets comprise cash at bank or in hand, Trade Receivables £84,800 (2020: £79,495) and Other Receivables £426,209 (2020: £218,533). Cash at bank earns interest at floating rates, based on the relevant bank's commercial rates. Cash at bank and in hand comprises £1,301,612 (2020: £558,765) in Sterling.

Financial Liabilities

The Company's financial liabilities comprise one loan secured against the Company's freehold factory (see below), finance lease liabilities (see below), Trade Payables (see below) and Other Payables of £757,801 (2020: £466,138).

The Company holds financing facility with Devon & Cornwall Securities Limited for £1.079 million. The loan is an interest only facility with an interest rate of approximately 10 per cent per annum, payable monthly on drawn down funds, together with a facility fee of 2 per cent payable on completion. In case of default, an additional 7.2% interest would be payable under the loan.

Finance lease liabilities are repayable over 5 years and carry interest at a fixed annual rate of 5%. Finance leases have a value of £50,081 (2020: £77,073) denominated in Sterling.

At the year end the Company's trade payables amount to £842,354 (2020: £526,052). Trade payables are settled within agreed credit terms, so no interest is paid on this category of financial liability.

The fair value of the Company's financial assets and liabilities is not materially different from their carrying values at the year end.

Maturity of financial liabilities

The maturity profile of the financial liabilities is shown above.

Borrowing facilities

The Company had the following un-drawn committed borrowing facilities at 30 June 2021 and 30 June 2020.

	2021	2020
	£	£
Expiry date:		
In one year or less	-	-

23 SHARE CAPITAL

	2021	2020
	£	£
Authorised		
250,000,000 Ordinary shares of 0.1p each	250,000	250,000

	2021	2020
	£	£
Allotted, called up and fully paid		
193,945,519 (2020: 186,745,519) Ordinary shares of 0.1p each	193,945	186,745

On 12th February 2021, the company issued 7,200,000 of ordinary shares of 0.1p each in the Company at a subscription prices of 0.675 pence per share generating a total consideration of £48,600.

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

- Share Capital & Share Premium reserves are those generated from Ordinary and Premium share capital.
- Revaluation reserves represents reserves generated following a revaluation of freehold property.
- Retained losses are the losses brought forward by the Company.
- Other reserves are those not covered by any of the other categories above.

24 SHARE BASED PAYMENTS

	2021	2020
	£	£
Share based payments expense	4,051	4,965

The charge relates entirely to equity-settled share based payment transactions.

On 25 March 2019 the Company granted options over 26,215,931 ordinary shares of 0.1 pence each in the Company ("Ordinary Shares") at an exercise price of 1 pence per Ordinary Share to all employees and Directors of the Company under the Company's Unapproved and EMI Share Option Plan ("Option Plan").

Performance conditions apply to the vesting of options under the Option Plan that are linked to the Company's future profit and share price performance. In addition, the Option Plan includes a hurdle criteria which stipulates that no Ordinary Shares under the share price performance criteria will vest until the share price of an Ordinary Share reaches 3 pence.

The Option Plan was approved by shareholders at the Company's Annual General Meeting on 11 December 2018 . The Company has calculated charges for the share option awards using Monte Carlo and Binomial models. Volatility and risk free rates have been calculated for each share option award based on expected volatility over the vesting period and current risk free rates at the time of each award. Volatility assumptions are based on historic volatility for the Company's share price over 4 years. Assumptions for future profitability have been based on management estimates.

The performance conditions attached to the share options are as follows:

AIM listed share price (per Ordinary Share)	**Percentage of the Award which vests**
> £0.03	9.375%
> £0.04	9.375%
> £0.05	9.375%
> £0.06	9.375%
> £0.07	9.375%
> £0.08	9.375%
> £0.09	9.375%
> £0.10	9.375%

If the AIM listed share price has reached £0.03 or higher

Profit before Tax (in any 12-month statutory accounting period)	**Percentage of the Award which vests**
> £200k	5.00%
> £400k	5.00%
> £500k	5.00%
> £600k	5.00%
> £700k	5.00%

Assumptions used in the valuation of share option awards during the year were as follows:

Award date	Share price at date of award / exercise price (pence)	Expected volatility	Risk free rate	Expected dividends	Option life in years	IFRS2 fair value per share option (pence)
25 March 2019	0.6 / 1.0	50%	1.02%	-	10	0.125 - 0.229

Share and share option awards outstanding

The share options awarded during the year under the Option Plan were as follows:

Scheme and date of award	Exercise price	B / Fwd 1 July 2020	Number granted	Number forfeited	Number exercised	C / Fwd 30 June 2021
Option Plan 25 March 2019 Vesting date is variable but no less then 2 years	1 pence	17,479,844	-	356,972	-	17,122,872

The weighted average remaining contractual life of outstanding share options is 7.5 years. The number of exercisable share options at 30 June 2021 was Nil (2020: Nil).

25 CAPITAL COMMITMENTS

At the balance sheet date the Company had no outstanding capital expenditure commitments.

26 RELATED PARTY TRANSACTIONS

Ultimate Controlling Party

Shareholders with a substantial interest in the Company are outlined on over 3% of the current share capital are outlined on page 12.

Transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The transactions with Directors of the Company are disclosed in notes 5 and 24. Transactions with key management personnel (comprising the Directors and key members of management) are disclosed below:

Compensation of key management personnel (including Directors)

	2021	2020
	£	£
Short term employee benefits	167,350	169,303
Share-based payments	4,051	4,965
	171,401	174,268

John Lewis of Hungerford plc

Notice of Annual General Meeting

Registered number

01317377

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any of the contents of this document or the action you should take you are recommended to consult an independent advisor authorised under the Financial Services and Markets Act 2000.

If you have recently sold or transferred all of your shares in John Lewis of Hungerford plc, you should forward this document and the accompanying form of proxy to your bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Board continues to monitor the situation surrounding Covid-19 and the advice from the Government on public gatherings. If the Government's guidance changes at any point prior to the AGM, such that shareholders are unable to attend in person, the Company will update shareholders through an announcement to the London Stock Exchange and on the Company's website. In light of this uncertainty, the Board strongly encourages shareholders to submit a proxy vote in advance of the AGM and to appoint the Chairman of the meeting as their proxy, rather than a named person who, if circumstances change, may not be able to attend the meeting.

NOTICE is hereby given that the Annual General Meeting of **John Lewis of Hungerford plc** ("the Company") will be held at Clayton Hotel, 626 Chiswick High Road, London W4 5RY at 2.00 p.m. on Monday 13 December 2021 for the following purposes:

As Ordinary Business

To consider and if thought fit pass the following resolutions 1 to 3 inclusive that will each be proposed as an ordinary resolution:

1. To receive, consider and adopt the Company's accounts for the period ended 30 June 2021 together with the Directors' report and Auditors' report thereon.

2. To re-appoint James Cowper LLP as auditor to the Company and to authorise the Directors to determine their remuneration.

3. To re-elect Stephen Huggett, who retires by rotation, as a Director of the Company.

As Special Business

To consider and if thought fit pass the following resolutions 4 and 5 that will be proposed as to resolution 4 as an ordinary resolution and as to resolution 5 as a special resolution:

4. (a) That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") provided that this authority shall be limited to relevant securities up to an aggregate nominal amount of £64,648.50 representing approximately one third of the nominal value of the issued ordinary share capital of the Company and unless previously revoked, varied or extended, this authority shall expire at the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired,

and further,

(b) That the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the company to allot equity securities (within the meaning of Section 560 of the Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them up to an aggregate nominal amount of £64,648.50 provided that this authority shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

5. That, subject to the passing of resolution 4, the directors be and they are hereby empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by resolution 4 above, as if section 561(1) of the Act did not apply to such allotment provided that:

(a) the power conferred by this resolution shall be limited to:

(i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws or requirements of any regulatory body or stock exchange; and

(ii) the allotment, otherwise than pursuant to sub-paragraph (a) (i) above, of equity securities up to an aggregate nominal value equal to £19,394.55 representing approximately 10% of the nominal value of the issued ordinary share capital of the Company; and

(b) unless previously revoked, varied or extended, this power shall expire at the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

By Order of the Board

Registered Office:
Grove Business Park
Downsview Road
Wantage
Oxfordshire
OX12 9FA

Cargil Management Services Limited
Company Secretary
Dated: 12 November 2021

Notes:

<u>Covid-19</u> - In order to ensure that your votes are cast in accordance with your wishes, you are strongly encouraged to appoint the Chairman of the meeting as your proxy given that the UK Government's restrictions may mean that neither you, nor any other person you might appoint as your proxy need will be able to attend the meeting in person. The below notes are to be read subject to this proviso.

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company.

2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form.

5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. To appoint a proxy using this form, your proxy form must be:
    - completed and signed;
    - sent or delivered to Share Registrars Limited, Molex House, Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX; and
    - received by Share Registrars Limited no later than 2.00 p.m. on 9 December 2021

    The proxy form can also be completed and scanned and emailed to voting@shareregistrars.uk.com within the stipulated time limit.

7. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.

8. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.

9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

John Lewis of Hungerford plc (the "Company")

Annual General Meeting

to be held on Monday 13 December 2021
at 2.00pm at Clayton Hotel, 626 Chiswick
High Road, London W4 5RY

Form of Proxy

I/We,……...

of

………
being (a) member(s) of the above named Company, hereby appoint the Chairman of the meeting or

………………………………………………………………………………………………...

of

………
as my/our proxy to exercise all or any of my/our rights to attend, speak and on a poll to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Clayton Hotel, 626 Chiswick High Road, London W4 5RY at 2.00 p.m. on Monday 13 December 2021 and at any adjournment thereof. My/our proxy is directed to vote on the following resolutions at the Annual General Meeting (and any adjournment thereof), as indicated by an “X” in the appropriate box below and on any other resolutions as he thinks fit.

Please indicate with an "X" in the appropriate box how you wish your vote to be cast. If this form is returned without any indication as to how the proxy should vote in relation to the resolutions summarised below and set out in the Notice of Annual General Meeting, the proxy may vote or abstain at his/her discretion.

Ordinary Resolutions		Vote			
		For	Against	Withheld	Discretionary
1.	To receive, consider and adopt the Company's accounts for the period to 30 June 2021 together with the Directors' report and auditors' report thereon				
2.	To re-appoint James Cowper Kreston as auditor to the Company and to authorise the Directors to determine their remuneration.				
3.	To re-elect Stephen HuggettAlan Charlton as a Director of the Company.				
4.	To authorise the Directors to allot relevant securities pursuant to section 551 of the Companies Act 2006 ("the Act")				
Special Resolutions					
5.	To authorise the Directors pursuant to section 570 of the Act to allot equity securities in certain circumstances as if section 561 (1) of the Act did not apply.				

Dated ……………………………………………………… Signed…………………………………………………………………

Notes:

<u>Covid-19</u> – In order to ensure that your votes are cast in accordance with your wishes, you are strongly encouraged to appoint the Chairman of the meeting as your proxy given that the UK Government's restrictions may mean that neither you, nor any other person you might appoint as your proxy need will be able to attend the meeting in person. The below notes are to be read subject to this proviso.

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish you proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote or abstain from voting as he or she thinks fit in relation to any other matter which is put before the meeting.
5. To appoint a proxy using this form, the form must be:
   (a) completed and signed;
   (b) sent or delivered to Share Registrars Limited, Molex House, Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX; and
   (c) received by Share Registrars Limited no later than 2.00pm on 9 December 2021

   The proxy form can also be completed and scanned and emailed to voting@shareregistrars.uk.com within the stipulated time limit.
6. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent 7RA36 by 2.00pm on 9 December 2021, being not less than 48 hours before the time appointed for the holding of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. As at the close of business on 12 November 2021, the Company's issued share capital comprised 193,945,519 ordinary shares of £0.001 each. Each ordinary share carries the right to one vote at a general meeting of the Company.