

DFS Furniture Holdings Plc

Report and Accounts for the period
ended 28 July 2018

Registered number 07218977



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Strategic report

The directors present their strategic report for the period ended 28 July 2018.

Business review and future developments

The financial statements cover the 52 week period ended 28 July 2018. Comparative figures relate to the 52 weeks ended 29 July 2017.

The Company's losses on ordinary activities before taxation were £8.5m (2017: £6.9m) whilst no dividends were paid during the year (2017: £nil). The net assets at 28 July 2018 were £97.9m (2017: £104.4m).

Key performance indicators

The Company is a wholly owned indirect subsidiary of DFS Furniture plc, and the management and reporting of key performance indicators is undertaken at the group level. For this reason, the directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of its business. The development, performance and position of the DFS Furniture plc Group ("the Group"), which includes the Company, is discussed in the Group's annual report, which does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

On behalf of the Board



N J Bancroft
Director

29 January 2019

1 Rockingham Way
Redhouse Interchange
Adwick-le-Street
Doncaster
South Yorkshire
DN6 7NA

Directors' report

The directors present their report together with the audited financial statements for the year ended 28 July 2018.

Principal Activities

The Company acts as an intermediate holding company.

Dividends

No interim dividend was paid during the year (2017: £nil). The directors do not recommend the payment of a final dividend (2017: £nil).

Directors

The directors of the Company are listed below.

I.F. Filby
N.J. Bancroft

Political and charitable donations

The Company made no political or charitable donations during the current or prior period.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out above. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its subsidiaries.

The directors, having assessed the responses of the directors of the Company's ultimate parent DFS Furniture plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the DFS Furniture plc group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of DFS Furniture plc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.


Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



N J Bancroft
Director

29 January 2019

1 Rockingham Way
Redhouse Interchange
Adwick-le-Street
Doncaster
South Yorkshire
DN6 7NA

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DFS FURNITURE HOLDINGS PLC

Opinion

We have audited the financial statements of DFS Furniture Holdings Plc Limited ("the company") for the year ended 28th July 2018 which comprise the Income Statement, Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28th July 2018 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements.

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report or the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Chris Hearld (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

29 January 2019

Income Statement
for period ended 28 July 2018

	<i>Note</i>	2018 £m	2017 £m
Revenue		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		0.2	0.4
		<hr/>	<hr/>
Operating profit	2	0.2	0.4
Finance expenses	3	(8.7)	(7.3)
Investment income		-	-
		<hr/>	<hr/>
Loss before tax		(8.5)	(6.9)
Taxation	4	-	-
		<hr/>	<hr/>
Loss for the year		(8.5)	(6.9)
		<hr/> <hr/>	<hr/> <hr/>

Statement of Comprehensive Income
for year ended 28 July 2018

	<i>Note</i>	2018 £m	2017 £m
Loss for the year		(8.5)	(6.9)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges		2.4	2.6
Income tax on items that are or may be reclassified subsequently to profit or loss		(0.4)	(0.5)
		<hr/>	<hr/>
Other comprehensive income for the year, net of income tax		2.0	2.1
		<hr/>	<hr/>
Total comprehensive income for the year		(6.5)	(4.8)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 16 form part of these financial statements.

Profit for the year and total comprehensive income for the year are entirely attributable to the shareholders of the Company.

Balance Sheet
at 28 July 2018

	<i>Note</i>	2018 £m	2017 £m
Non-current assets			
Investments	5	519.9	519.9
Other financial assets	6	1.6	-
Deferred tax assets	7	0.2	0.6
		<u>521.7</u>	<u>520.5</u>
Current assets			
Trade and other receivables	8	162.3	1.1
Other financial assets	6	3.5	3.5
Cash and cash equivalents		15.5	-
		<u>181.3</u>	<u>4.6</u>
Current liabilities			
Trade payables and other liabilities	9	(403.2)	(214.9)
Other financial liabilities	10	(3.5)	(3.5)
		<u>(406.7)</u>	<u>(218.4)</u>
Net current liabilities		<u>(225.4)</u>	<u>(213.8)</u>
Non-current liabilities			
Interest bearing loans and borrowings	11	(195.7)	(198.8)
Other financial liabilities	10	(2.7)	(3.5)
		<u>(198.4)</u>	<u>(202.3)</u>
Net assets		<u>97.9</u>	<u>104.4</u>
Equity attributable to equity holders of the parent			
Share capital	12	102.3	102.3
Share premium		5.9	5.9
Cash flow hedge reserve		(1.1)	(3.5)
Retained earnings		(9.2)	(0.3)
Total equity		<u>97.9</u>	<u>104.4</u>

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 29 January 2019 and were signed on its behalf by:



N J Bancroft
Director

Company registered number: 07218977

Statement of Changes in Equity

	Share capital £m	Share Premium £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
Balance at 30 July 2016	102.3	5.9	(6.1)	7.1	109.2
Loss for the year	-	-	-	(6.9)	(6.9)
Other comprehensive income	-	-	2.6	(0.5)	2.1
Total comprehensive income for the year	-	-	2.6	(7.4)	(4.8)
Balance at 29 July 2017	102.3	5.9	(3.5)	(0.3)	104.4
Loss for the year	-	-	-	(8.5)	(8.5)
Other comprehensive income	-	-	2.4	(0.4)	2.0
Total comprehensive income for the year	-	-	2.4	(8.9)	(6.5)
Balance at 28 July 2018	102.3	5.9	(1.1)	(9.2)	97.9

The notes on pages 9 to 16 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

DFS Furniture Holdings Plc (the “Company”) is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, DFS Furniture plc includes the Company in its consolidated financial statements. The consolidated financial statements of DFS Furniture plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of DFS Furniture plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 *Going concern*

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its indirect subsidiary company, DFS Trading Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on DFS Trading Limited providing additional financial support during that period. DFS Trading Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for

Notes to the financial statements

financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.2 Expenses

Finance income and expenses

Finance expenses comprise bank fees and interest payable on the Company's borrowings. Finance income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the Company's right to receive payments is established.

1.3 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised on deductible temporary differences only 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.

1.4 Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on qualifying cash flow hedges, which are recognised directly in other comprehensive income.

1.5 Impairment

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

Notes to the financial statements

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.6 Investments

Investments are stated at cost, less provision for any impairment.

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.8 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Derivatives linked to investments in equity instruments that do not have a quoted market price in an active market, and that must be settled by delivery of the unquoted equity instrument are measured at cost where the fair value is not reliably measurable.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss remains in the hedging reserve and is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

For other cash flow hedges the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

Notes to the financial statements

Derivative financial instruments and hedging (continued)

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

2 Profit on ordinary activities before taxation

Auditor's remuneration in respect of the statutory audit of the Company was £nil. Audit fees are borne by another group undertaking.

Fees paid to the auditor and its associates in respect of non-audit services amounted to £nil (2017: £nil).

3 Finance income and expense

	2018 £m	2017 £m
<i>Finance expense</i>		
Senior loan facility	(0.2)	(7.1)
Senior revolving credit facility	(7.0)	-
Bank fees	-	(0.2)
Refinancing costs	(1.5)	-
Total finance expense	<u>(8.7)</u>	<u>(7.3)</u>

4 Taxation

Recognised in the income statement

	2018 £m	2017 £m
<i>Current tax</i>		
Current year tax	-	-
Deferred tax	-	-
Current tax expense	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	2018 £m	2017 £m
(Loss)/profit before tax for the year	<u>(8.5)</u>	<u>(6.9)</u>
Tax using the UK corporation tax rate of 19.00 % (2017: 19.67%)	(1.6)	(1.4)
Permanently disallowable items	-	-
Non taxable income	-	-
Group relief	<u>1.6</u>	<u>1.4</u>
Total tax expense	<u>-</u>	<u>-</u>

Notes to the financial statements

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of UK corporation tax to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Accordingly, 17% has been applied when calculating deferred tax assets and liabilities at 28 July 2018.

5 Investments

Name	Ordinary share holding	Principal activity
DFS Trading Limited	100%	Furniture Retailer
Coin Retail Limited	100%	Holding Company
Coin Furniture Limited (Investment held by Coin Retail Limited)	100%	Furniture Retailer
The Sofa Workshop Limited	100%	Furniture Retailer
DFS Spain Limited	100%	Furniture Retailer
DFS Furniture Company Limited	100%	Holding Company
Sofology Limited	100%	Furniture retailer
C.S Lounge Suites Limited	100%	Dormant
Soundsofa Limited	100%	Dormant
LoveSeats Limited	100%	Dormant
Slothworks Limited	100%	Dormant
Sofasound Limited	100%	Dormant
Sofaworks Limited	100%	Dormant
Sleepology Limited	100%	Dormant
Sofa Traders Limited	100%	Dormant

All subsidiary undertakings are incorporated in Great Britain with the exception of Coin Retail Limited which is incorporated in Jersey.

Cost and net book value:

	2018 £m	2017 £m
Shares in DFS Furniture Company Limited	519.9	519.9

6 Other financial assets

	2018 £m	2017 £m
Non-current		
Foreign exchange contracts	1.6	-
Current		
Foreign exchange contracts	3.5	3.5

Foreign exchange contracts comprise forward contracts which are used to hedge exchange risk arising from the Group's overseas purchases. Interest rate derivatives are used to hedge interest rate risk on the Company's floating rate debt.

Notes to the financial statements

7 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2018 £m	2017 £m
Revaluation of derivatives to fair value	0.2	0.6
Net tax assets	<u>0.2</u>	<u>0.6</u>

The deferred tax movement in the year is as follows:

	2018 £m	2017 £m
At July 2017	0.6	1.1
Recognised in the statement of comprehensive income	(0.4)	(0.5)
At July 2018	<u>0.2</u>	<u>0.6</u>

8 Trade and other receivables

	2018 £m	2017 £m
Current		
Prepayments and accrued income	-	0.1
Amounts owed by Group companies	162.3	1.0
	<u>162.3</u>	<u>1.1</u>

9 Trade payables and other liabilities

	2018 £m	2017 £m
Current		
Amounts owed to Group companies	402.2	213.5
Accruals and deferred income	1.0	1.4
	<u>403.2</u>	<u>214.9</u>

Notes to the financial statements

10 Other financial liabilities

	2018 £m	2017 £m
Current		
Foreign exchange contracts	3.5	3.5
	<u> </u>	<u> </u>
Non-current		
Interest rate derivatives	1.1	3.5
Foreign exchange contracts	1.6	-
	<u> </u>	<u> </u>
	<u>2.7</u>	<u>3.5</u>

Foreign exchange contracts comprise forward contracts which are used to hedge exchange risk arising from the Group's overseas purchases. Interest rate derivatives are used to hedge interest rate risk on the Company's floating rate debt.

11 Interest bearing loans and borrowings

	2018 £m	2017 £m
Non-Current		
Senior loan facility	-	200.0
Senior revolving credit facility	197.0	-
Unamortised issue costs	(1.3)	(1.2)
	<u> </u>	<u> </u>
	<u>195.7</u>	<u>198.8</u>

The senior loan facility bore interest at a rate of 3 month LIBOR plus 2.0% and was repayable in full on 12 March 2020. After the balance sheet date the group refinanced the senior loan facility with a new senior revolving credit facility of £230.0m of which £200.0m was initially drawn down on 7 August 2017. The revolving credit facility bears interest at a rate of 3 month LIBOR plus 2.1% and is repayable in full on 2 August 2022. The revolving credit facility is secured on a first priority basis with fixed and floating charges over substantially all of the assets of the Company and DFS Furniture Plc.

12 Share capital

Share capital

Ordinary shares of £1 each

	Number of shares		Ordinary shares	
	2018 000s	2017 000s	2018 £m	2017 £m
Allotted, called up and fully paid	102,275	102,275	102.3	102.3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

13 Directors' emoluments

The directors did not receive remuneration for their services to the Company.

Notes to the financial statements

14 Ultimate parent company and controlling party

The Company is a direct subsidiary undertaking of Diamond Holdco 7 Limited which is registered in England and Wales. The largest group in which the results of the Company are consolidated is that headed by DFS Furniture plc, incorporated in England and Wales. Copies of its group accounts, which include the Company are available on www.dfscorporate.co.uk. The ultimate holding company and controlling party is DFS Furniture Plc.