REGISTERED NUMBER: 06799478 (England and Wales)

Wren Kitchens Limited

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31st December 2019

Wren Kitchens Limited (Registered number: 06799478)

Contents of the Financial Statements
for the year ended 31st December 2019

Wren Kitchens Limited

Company Information
for the year ended 31st December 2019

DIRECTORS:	M S Healey M J Pullan J M Oldfield A G Clay C M Douglas A D Grant G A Kerrigan R R Klimek M T Malik K Selby R B D Walker D Watts S R Parnaby C J Laville L Holmes A C Smith V E Fairburn K Serelis E J Healey
SECRETARY:	J M Oldfield
REGISTERED OFFICE:	The Nest Falkland Way Barton-upon-Humber North Lincolnshire DN18 5RX
REGISTERED NUMBER:	06799478 (England and Wales)
INDEPENDENT AUDITOR:	KPMG LLP 1 Sovereign Street Sovereign Square Leeds LS1 4DA
BANKERS:	The Royal Bank of Scotland plc 3rd Floor 2 Whitehall Quay Leeds West Yorkshire LS1 4HR

Wren Kitchens Limited (Registered number: 06799478)

Strategic Report
for the year ended 31st December 2019

The directors present their strategic report for the year ended 31st December 2019.

The principal activity of the company in the year under review was that of the manufacture and retail of kitchens and associated products.

REVIEW OF THE YEAR

The directors are satisfied with the company's performance for the year under review.

The company was launched in 2009 and in that time has grown from a turnover of £79,000 to in excess of £600,000,000.

Wren is now the UK's largest kitchen retailer and independent research in 2019 by Mintel has identified the company as the fastest growing business, whether trade or retail, of any major player in the UK kitchen market.

The growth of the business has been driven by its ability to provide customers with a bespoke, fully assembled kitchen at a price that even those selling a basic flat pack kitchen cannot match. The number of permutations on offer is beyond that any traditional competitor can match, meaning that customers are not forced to compromise in their design and can fully utilise all the space in their kitchen. The company is unique amongst major kitchen retailers in producing each kitchen "Just in Time" and as a result the impact of offering such a large range of products, in terms of both the amount of cash tied up in stock and the physical space required, is kept to a minimum.

In 2019 the company extended the range of products further introducing new ranges including industrial designs, new door styles and more carcase options. This allows the company to move into areas that were previously the preserve of small, independent kitchen boutiques. The directors remain of the opinion that demand from consumers for a more bespoke and personalised kitchen will only increase in the future.

Whilst the company has increased the range and depth of products it has on offer, it continues to focus on its price and promotional strategy to ensure this is also market leading. In every showroom the company displays not only its own products but also those of other kitchen suppliers, this gives the consumer the opportunity to compare both the quality of the respective products and the price. The company constantly monitors and matches the prices being charged for appliances by all major retailers, even internet only retailers, this ensures that customers can buy all elements of their kitchen from Wren whilst being confident that they are paying the best price. On top of this, the company offers the most comprehensive finance package of any kitchen retailer in the UK with up to 7 years interest free credit available to consumers.

The company retained the furniture industry's highest accolade, FIRA's Gold Certification. Uniquely amongst major kitchen retailers, the company has been awarded the Gold Certification both for its products and for its installation service. This certification provides assurance to customers that both the company's products and its installation processes are of the highest standard and are continually audited, further assurance is provided by the warranties that the company offers which are the most comprehensive on offer from any kitchen retailer.

The company's commitment to the highest standards was further recognised in 2019 as it was awarded numerous certifications including ISO9001 in respect of our quality management systems, ISO14001 in respect of our environmental management systems, ISO27001 in respect of our information security management systems and ISO45001 in respect of our occupational health and safety systems. The company also beat off competition from Rolls Royce and other leading businesses to win the Chartered Institute of Logistics and Transport awards both for operational excellence and for health and safety.

As the volume of product going through the manufacturing facilities has increased the company has benefited from improved efficiencies. Whilst the directors believe that there is still more opportunity in this area, to stay ahead of demand, the directors will continue to ensure that the business has surplus capacity even if this does result in some short-term inefficiency. To that end, 2019 saw the company commission planning permission to build an additional manufacturing plant on land at the existing site in Barton Upon Humber. The new factory will be approximately 1 million sq. ft and will provide the company with the capacity it needs for its immediate expansion plans in the UK.

Technology plays a key role in the growth and development of the business and during the year under review the company has continued to invest heavily in the development of bespoke IT systems. All the planning software used to design kitchens is written in house as is the installation management system, the virtual reality system and the customer relationship management system. The company employs a large team of developers who work hand in hand with the team in the field doing the task for which the software is intended. Whilst the costs associated with IT projects such as these are treated as a revenue expense and recognised in the year in which they are incurred, the benefits from these projects will be seen in future years.

Strategic Report
for the year ended 31st December 2019

In terms of retail locations, the company ended the financial year with 89 showrooms although a number of these did not open until the second half of the year and so did not contribute significantly to these results. Since the end of the financial year, new showrooms have opened in Bradford, Edmonton, Enfield and Scunthorpe. The directors believe that the company still has significant opportunities to open further showrooms as it currently has no representation in many towns and cities across the country and is operating with less than half the number of showrooms of its major rivals. The company has already exchanged contracts on several new sites for 2020 but there is no urgency and the company will only commit to leases which meet the investment criteria and form part of the long-term strategic plan.

Financial Performance
A summary of the last five years trading is detailed below:

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Turnover	612,661	490,783	406,685	338,094	257,512
% Growth	25%	21%	20%	31%	31%
Gross Profit	299,482	242,993	192,272	156,065	119,624
% Growth	23%	26%	24%	31%	34%
EBITDA	90,720	62,425	37,629	26,633	17,607
% Growth	45%	66%	41%	51%	239%
Profit Before Tax	65,184	37,192	16,571	11,007	7,432
% Growth	75%	124%	51%	48%	-

Turnover for the financial year amounted to £612,661,226 being an increase of £121,878,595 or 25% over the previous year (2018: £490,782,631). Turnover represents delivered sales only. The growth rate in sales orders continues to outpace the growth in delivered sales.

The growth in turnover has not been at the cost of gross margin which has risen by 23% to £299,482,556 (2018: £242,992,932). Whilst the directors are satisfied with the gross profit percentage that has been achieved in the year, we believe that opportunities exist to improve this going forwards.

The directors pay particular attention to the company's EBITDA, this is calculated as profit on ordinary activities before tax adjusted by adding back interest, depreciation, amortisation and profit or loss on the sale of fixed assets. These values can be found in the notes to the financial statements.

In the year under review the company's EBITDA has increased by 45% to £90,719,948 (2018: £62,425,188). This is a key metric as it highlights the business's performance before the impact of depreciation, which is inevitably very high given the sector we operate in and the investment that is required to maintain the growth rate.

The company has invested a further £52,261,139 into fixed assets during the year, which brings the total investment in the company's infrastructure to £261,193,085. The directors believe there is significant further opportunity for growth in the kitchen market both in the UK and beyond however without the infrastructure in place then it will not be able to exploit such opportunities nor to achieve its strategic goals.

As a result of the investment in fixed assets the company faced a high depreciation charge in the year under review, despite that charge, the company's profit before tax increased by 75% to £65,184,277 (2017: £37,191,895). This result is in line with the directors' expectations at this stage of the business's development.

As previously explained, the company manufactures its kitchens on a "Just in Time" basis, this allows it to offer the largest range of products and permutations in the industry without holding large quantities of stock. However, due to concerns regarding the impact of Brexit on the availability of certain products such as appliances, the company decided to hold a significant quantity of those items in stock. At the end of the year, the company was therefore holding stock of £27,292,697 (2018: £19,269,443), given the clarity the directors now have regarding the immediate impact of Brexit, the company will be reducing that safety stock as we move through the first few months of 2020.

During the year, the company's cash position was such that the directors chose to repay in full the £59,500,000 due to the company's immediate parent.

Despite the repayment of the intercompany loan and the investment in fixed assets and additional safety stock, the company's cash position at the year-end was £25,178,553 (2018: £55,221,006).

The company continues to take advantage of favourable rates in respect of commercial vehicles financing but other than that it does not borrow from banks or third-party financial institutions nor will it be required to do so to meet planned expenditure in 2020.

At the end of the year the company's net assets have increased by 105% to £100,187,785 (2018: £48,814,915).

Principle Risks and Uncertainties
The principal risks faced by the company are similar to those faced by other major retailers of big-ticket items. The kitchen market is highly competitive, and the company must therefore be alert to changes in consumer trends, the actions of its competitors and to new entrants to the market. This risk is mitigated to some extent by the company's control of its supply chain. The company does not hold large stocks of finished products and because it manufactures its own products it is able to adapt quickly to changes in market trends or new product launches by competitors. By constantly developing its showrooms and the bespoke technology which is used by the retail team to plan and sell kitchens, the company aims to be at the forefront of change rather than following.

The company must also be alert to the impact of general economic factors and how those changes will affect our customers. The company seeks to mitigate any such risks by continually reviewing its processes to identify opportunities to improve its efficiency, but this must be done without losing sight of the long-term strategic goal. The risks are also mitigated by ensuring that all financial investments are in line with the company's business plan and can be funded internally.

With regards to Brexit, there is now more certainty as to the direction in which we are all heading, and the directors can therefore plan accordingly. Whilst all businesses will need to adapt to our future relationship with the EU, the directors believe that the company is better insulated than most against this risk as the vast majority of the products that the company sell are manufactured in its own factories here in the UK from raw materials sourced from other UK based businesses.

Section 172 Companies Act 2006
The Wates Corporate Government Principles for Large Private Companies provides a framework for the company to demonstrate how the board makes decisions for the success of the company and its stakeholders whilst complying with the requirements of Section 172 of the Companies Act 2016. This is covered in more detail below in the company's Corporate Governance Report.

Corporate Governance
Under The Companies (Miscellaneous Reporting) Regulations 2018 new corporate governance reporting requirements for Large Private Companies has been introduced for financial years commencing on or after 1 January 2019. The company meets this new reporting criteria and has applied the Wates Corporate Governance Principles for Large Private Companies as published by the Financial Reporting Council.

The principles act as a framework from which the company can disclose its corporate governance arrangements under six principles.

Principle 1 - Purpose and leadership
The board has developed a strategy and business model to generate long-term sustainable value to its stakeholders and is responsible for ensuring this strategy is clearly implemented throughout the organisation, and that it, along with the company's values, supports appropriate behaviours and practices.

Principle 2 - Board composition
A list of Board members can be found on page six of the financial statements. During the year the board was strengthened with the appointment of seven new directors bringing the total number to 19. The composition of the board is balanced to reflect the size and complexity of the company and reflects the diversity of the wider workforce which supports the delivery of the company's strategy.

Principle 3 - Director Responsibilities
The board members have clearly defined responsibilities and accountability ensuring key decisions are made by the individual with the requisite skill and knowledge. The board receives regular financial information supported by Key Performance Indicators (KPIs).

Principle 5 - Remuneration
Remuneration is set appropriately to secure and retain high quality people including its directors and senior managers. The board reflects the diversity of the business and reflects our Gender Pay reporting which can be found on the company's website.

Principle 6 - Stakeholders
The board considers how its activities may impact both current and future stakeholders and the company's brand and reputation. As referred to in the Strategic Report the board engages in effective communication with its stakeholders through, although not exclusively, direct dialogue, regular meetings, engagement surveys, vendor meetings and internal conferences and roadshows. During the year we have expanded the pastoral care we offer our people through several wellbeing programmes to assist them through changes in circumstance and to assist in paving a way to return to work as appropriate.

KEY PERFORMANCE INDICATORS ("KPIs")
The directors closely monitor the business' performance through the use of both financial and non-financial KPIs. Financial KPIs used include sales by product category, gross profit and operating profit. Non-financial KPIs used include orders placed, order conversion, customer satisfaction and market share.

PRINCIPAL RISKS AND UNCERTAINTIES
The company operates in a highly competitive market and this is particularly apparent in what are clearly difficult economic times. The company manages this risk by controlling almost the entire supply chain in which it operates. The company believes its focus on an aspirational product at a fair price and on customer service being paramount will differentiate it from its competitors.

ON BEHALF OF THE BOARD:

M J Pullan - Director

26th February 2020

Report of the Directors
for the year ended 31st December 2019

The directors present their report with the audited financial statements of the company for the year ended 31st December 2019.

DIVIDENDS
No dividends will be distributed for the year ended 31st December 2019 nor 31 December 2018.

FUTURE DEVELOPMENTS
The future developments of the company are disclosed in the Strategic Report.

DIRECTORS
The directors shown below have held office during the whole of the period from 1st January 2019 to the date of this report.

M S Healey
M J Pullan
J M Oldfield
A G Clay
C M Douglas
A D Grant
G A Kerrigan
R R Klimek
M T Malik
K Selby
R B D Walker
D Watts

Other changes in directors holding office are as follows:

J A Hopper - resigned 29th April 2019
S R Parnaby - appointed 21st May 2019
C J Laville - appointed 15th October 2019
L Holmes - appointed 15th October 2019
A C Smith - appointed 15th October 2019
V E Fairburn - appointed 15th October 2019
K Serelis - appointed 15th October 2019
E J Healey - appointed 13th December 2019

DIRECTORS' INDEMNITIES
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

CREDIT RISK
The Company has procedures in place both prior to despatch and subsequent to despatch to ensure that the company's exposure to bad debts is not significant. The company offers a bespoke service to its customers and as a result of this the majority of revenue is paid for by the customers prior to despatch.

LIQUIDITY AND CASH FLOW RISK
The company monitors and forecasts its cash flow. Overall the company considers that it is not exposed to a significant level of risk.

EMPLOYEE INVOLVEMENT
The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its growth. The company encourages the involvement of employees by means of regular written and oral communications.

EMPLOYMENT OF DISABLED PERSONS
The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is 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.

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

ON BEHALF OF THE BOARD:

M J Pullan - Director

26th February 2020

Wren Kitchens Limited (Registered number: 06799478)

Statement of Directors' Responsibilities
for the year ended 31st December 2019

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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

Independent Auditor's Report to the Members of Wren Kitchens Limited

Opinion

We have audited the financial statements of Wren Kitchens Limited ("the company") for the year ended 31st December 2019 which comprise the 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 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 the UK 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 recoverability of goodwill and related disclosures and 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 consequences, 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 ("the going concern period").

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. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. 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:

Independent Auditor's Report to the Members of
Wren Kitchens Limited

- we have not identified material misstatements in the strategic report and 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, 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.

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

28 February 2020

Wren Kitchens Limited (Registered number: 06799478)

Statement of Comprehensive Income
for the year ended 31st December 2019

	Notes	2019 £	2018 £
TURNOVER	3	**612,661,226**	490,782,631
Cost of sales		**313,178,670**	247,789,699
GROSS PROFIT		**299,482,556**	242,992,932
Administrative expenses		**234,350,139**	205,754,972
OPERATING PROFIT	6	**65,132,417**	37,237,960
Interest receivable and similar income		**221,686**	82,473
		65,354,103	37,320,433
Interest payable and similar expenses	7	**169,826**	128,538
PROFIT BEFORE TAXATION		**65,184,277**	37,191,895
Tax on profit	8	**13,811,407**	7,005,991
PROFIT FOR THE FINANCIAL YEAR		**51,372,870**	30,185,904

The notes form part of these financial statements

Wren Kitchens Limited (Registered number: 06799478)

Balance Sheet
31st December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Intangible assets	9		**23,884**		26,307
Tangible assets	10		**154,961,045**		128,723,957
Investments	11		**1**		1
			154,984,930		128,750,265
CURRENT ASSETS					
Stocks	12	**27,292,697**		19,269,443	
Debtors	13	**19,068,821**		18,709,849	
Cash at bank		**25,178,553**		52,221,006	
		71,540,071		90,200,298	
CREDITORS					
Amounts falling due within one year	14	**105,758,942**		151,621,184	
NET CURRENT LIABILITIES			**(34,218,871)**		(61,420,886)
TOTAL ASSETS LESS CURRENT LIABILITIES			**120,766,059**		67,329,379
CREDITORS					
Amounts falling due after more than one year	15		**(17,832,690)**		(17,003,555)
PROVISIONS FOR LIABILITIES	17		**(2,745,584)**		(1,510,909)
NET ASSETS			**100,187,785**		48,814,915
CAPITAL AND RESERVES					
Called up share capital	18		**13,000,560**		13,000,560
Share premium	19		**13,000,000**		13,000,000
Retained earnings	19		**74,187,225**		22,814,355
SHAREHOLDERS' FUNDS			**100,187,785**		48,814,915

The financial statements were approved by the Board of Directors on 26th February 2020 and were signed on its behalf by:

M S Healey - Director

Wren Kitchens Limited (Registered number: 06799478)

Balance Sheet
31st December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Intangible assets	9		**23,884**		26,307
Tangible assets	10		**154,961,045**		128,723,957
Investments	11		**1**		1
			154,984,930		128,750,265
CURRENT ASSETS					
Stocks	12	**27,292,697**		19,269,443	
Debtors	13	**19,068,821**		18,709,849	
Cash at bank		**25,178,553**		52,221,006	
		71,540,071		90,200,298	
CREDITORS					
Amounts falling due within one year	14	**105,758,942**		151,621,184	
NET CURRENT LIABILITIES			**(34,218,871)**		(61,420,886)
TOTAL ASSETS LESS CURRENT LIABILITIES			**120,766,059**		67,329,379
CREDITORS					
Amounts falling due after more than one year	15		**(17,832,690)**		(17,003,555)
PROVISIONS FOR LIABILITIES	17		**(2,745,584)**		(1,510,909)
NET ASSETS			**100,187,785**		48,814,915
CAPITAL AND RESERVES					
Called up share capital	18		**13,000,560**		13,000,560
Share premium	19		**13,000,000**		13,000,000
Retained earnings	19		**74,187,225**		22,814,355
SHAREHOLDERS' FUNDS			**100,187,785**		48,814,915

The financial statements were approved by the Board of Directors on 26th February 2020 and were signed on its behalf by:

M S Healey - Director

Wren Kitchens Limited (Registered number: 06799478)

Statement of Changes in Equity
for the year ended 31st December 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1st January 2018	13,000,483	(7,371,549)	13,000,000	18,628,934
Changes in equity				
Issue of share capital	77	-	-	77
Total comprehensive income	-	30,185,904	-	30,185,904
Balance at 31st December 2018	13,000,560	22,814,355	13,000,000	48,814,915
Changes in equity				
Total comprehensive income	-	51,372,870	-	51,372,870
Balance at 31st December 2019	13,000,560	74,187,225	13,000,000	100,187,785

The notes form part of these financial statements

1. STATUTORY INFORMATION

Wren Kitchens Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern
The company meets its day to day working capital requirements through cash balances and cash flow from operating activities.

The directors have considered the company's forecasts and projections, taking account of reasonably possible changes in trading performance, and these show that the company should be able to continue to operate within its available resources and is well placed to manage its business risks, despite an element of economic uncertainty.

After making enquiries and taking consideration of the company's net current liabilities, the directors have a reasonable expectation that the company has adequate resources and future cash inflows to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements
The financial statements contain information about Wren Kitchens Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, The WEST Retail Group Limited.

Turnover
Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on despatch of the goods, or completion of any other supplementary services.

Interest received and other income
Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

Patents and licences
Patents and licences are amortised over their estimated useful lives on a straight-line basis.

continued...

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets and depreciation
Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Improvements to property	- Over the lease term
Plant and machinery	- Straight line over 10 years
Fixtures and fittings	- Straight line over 5 to 10 years
Motor vehicles	- Straight line over 5 years
Computer equipment	- Straight line over 3 years

Assets in the course of construction are not depreciated until brought into use by the company.

Impairment
Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Cost represents purchase price including transport and handling costs, less trade discounts.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

Debtors and creditors receivable / payable within one year
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

continued...

2. **ACCOUNTING POLICIES - continued**

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged to the statement of comprehensive income over the period of the lease on a straight-line basis.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme for its employees. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Key accounting estimates and assumptions
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors consider the key accounting estimates or judgements reflected in the preparation of these financial statements to be provisions for slow moving or obsolete stock, warranties and non- recovery of debts. These estimates are calculated on a risk basis measured using historic trends and ageing profiles. Periodically these assumptions are measured and reviewed against actual results.

3. **TURNOVER**

The turnover and profit before tax are attributable to the principal activity of the company and is all generated within the United Kingdom.

4. **EMPLOYEES AND DIRECTORS**

The average monthly number of persons employed by the company during the year was:

	2019	2018
	No.	No.
Sales	**2,016**	1,660
Operations	**2,186**	2,034
Administration	**514**	463
	4,716	4,157

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	**137,442,445**	114,008,339
Social security cost	**12,326,351**	10,336,620
Pension costs	**2,296,856**	1,065,503
	152,065,652	125,410,462

continued...

5. DIRECTORS' EMOLUMENTS

	2019	2018
	£	£
Directors' remuneration	**1,551,957**	1,235,601
Directors' pension contributions to money purchase schemes	**19,450**	15,388

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	**208,909**	184,023

During the year ended 31st December 2019 certain directors were remunerated by the ultimate parent company, The WEST Retail Group Limited, and there was no reasonable way to allocate this cost accurately within the group.

6. OPERATING PROFIT

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

	2019	2018
	£	£
Depreciation - owned assets	**24,182,859**	24,499,280
Depreciation - assets on hire purchase contracts	**1,505,712**	709,213
Profit on disposal of fixed assets	**(109,880)**	(30,110)
Patents and licences amortisation	**8,840**	8,845
Operating leases	**25,055,942**	23,958,147
Exchange rate variances	**(280,646)**	18,605
Auditor's remuneration	**95,000**	95,000

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are, as required, disclosed in the group accounts of its parent The WEST Retail Group Limited.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Hire purchase	**169,826**	128,538

continued...

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	**12,848,552**	7,714,068
Adjustments to tax charge in respect of prior periods	**(271,820)**	(84,858)
Total current tax	**12,576,732**	7,629,210
Deferred tax:		
Origination and reversal of timing differences	**975,964**	33,279
Adjustment in respect of prior periods	**258,711**	(656,498)
Total deferred tax	**1,234,675**	(623,219)
Tax on profit	**13,811,407**	7,005,991

UK corporation tax has been charged at 19% (2018 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before tax	**65,184,277**	37,191,895
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	**12,385,013**	7,066,460
Effects of:		
Expenses not deductible for tax purposes	**18,048**	11,400
Income not taxable for tax purposes	**(16,339)**	(16,331)
Depreciation in excess of capital allowances	**1,552,614**	689,734
Adjustments to tax charge in respect of previous periods	**(13,109)**	(741,356)
Tax rate changes	**(114,820)**	(3,916)
Total tax charge	**13,811,407**	7,005,991

From 1 April 2017, the main rate of corporation tax was reduced to 19%. Further reduction to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

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9. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1st January 2019	39,158
Additions	5,870
Reclassification/transfer	547
At 31st December 2019	45,575
AMORTISATION	
At 1st January 2019	12,851
Amortisation for year	8,840
At 31st December 2019	21,691
NET BOOK VALUE	
At 31st December 2019	23,884
At 31st December 2018	26,307

10. TANGIBLE FIXED ASSETS

	Assets under construction £	Improvements to property £	Plant and machinery £
COST			
At 1st January 2019	5,081,093	71,401,410	73,168,619
Additions	18,501,211	5,055,650	7,403,047
Disposals	-	-	(33,800)
Re-classification	(15,548,023)	11,525,674	7,985,767
At 31st December 2019	8,034,281	87,982,734	88,523,633
DEPRECIATION			
At 1st January 2019	-	25,198,287	25,572,210
Charge for year	-	8,613,868	7,674,382
Eliminated on disposal	-	-	(20,232)
Re-classification	-	1,313,873	-
At 31st December 2019	-	35,126,028	33,226,360
NET BOOK VALUE			
At 31st December 2019	8,034,281	52,856,706	55,297,273
At 31st December 2018	5,081,093	46,203,123	47,596,409

continued...

10. **TANGIBLE FIXED ASSETS - continued**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1st January 2019	31,699,699	16,111,903	13,036,785	210,499,509
Additions	9,623,159	8,743,128	2,929,074	52,255,269
Disposals	-	(1,533,521)	(39,400)	(1,606,721)
Re-classification	(4,610,580)	639,360	7,255	(547)
At 31st December 2019	36,712,278	23,960,870	15,933,714	261,147,510
DEPRECIATION				
At 1st January 2019	14,453,247	7,107,970	9,443,838	81,775,552
Charge for year	4,325,920	2,650,433	2,423,968	25,688,571
Eliminated on disposal	-	(1,218,026)	(39,400)	(1,277,658)
Re-classification	(1,313,873)	-	-	-
At 31st December 2019	17,465,294	8,540,377	11,828,406	106,186,465
NET BOOK VALUE				
At 31st December 2019	19,246,984	15,420,493	4,105,308	154,961,045
At 31st December 2018	17,246,452	9,003,933	3,592,947	128,723,957

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1st January 2019	6,328,344
Additions	6,315,641
At 31st December 2019	12,643,985
DEPRECIATION	
At 1st January 2019	838,199
Charge for year	1,505,712
At 31st December 2019	2,343,911
NET BOOK VALUE	
At 31st December 2019	10,300,074
At 31st December 2018	5,490,145

continued...

11. FIXED ASSET INVESTMENTS

	Shares in group undertaking £
COST	
At 1st January 2019 and 31st December 2019	1
NET BOOK VALUE	
At 31st December 2019	1
At 31st December 2018	1

The company owns 100% of the share capital of Joinery Depot Limited which has its registered office at The Nest, Falkland Way, Barton-upon-Humber, North Lincolnshire, DN18 5RX.

12. STOCKS

	2019 £	2018 £
Raw materials and consumables	14,550,292	9,565,309
Work-in-progress	2,934,595	5,307,351
Finished goods and goods for resale	9,807,810	4,396,783
	27,292,697	19,269,443

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	3,878,588	2,706,115
Amounts owed by group undertakings	3,186,425	157,630
Other debtors	4,882	15,532
Prepayments and accrued income	11,998,926	15,830,572
	19,068,821	18,709,849

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Hire purchase contracts (see note 16)	2,114,729	1,331,197
Trade creditors	29,542,017	23,283,265
Amounts owed to group undertakings	-	59,500,000
Tax	5,818,269	4,407,120
Social security and other taxes	7,367,793	5,789,220
Other creditors	1,813,832	3,112,438
Accruals and deferred income	59,102,302	54,197,944
	105,758,942	151,621,184

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

continued...

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts (see note 16)	**5,979,458**	3,919,251
Other creditors	**11,853,232**	13,084,304
	17,832,690	17,003,555

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	**2,114,729**	1,331,197
Between one and five years	**5,979,458**	3,919,251
	8,094,187	5,250,448

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	**29,342,780**	24,213,357
Between one and five years	**105,290,632**	99,914,197
In more than five years	**72,963,399**	76,607,944
	207,596,811	200,735,498

17. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax		
Accelerated capital allowances	**2,823,186**	1,548,666
Short term timing differences	**(77,602)**	(37,757)
	2,745,584	1,510,909

	Deferred tax
	£
Balance at 1st January 2019	**1,510,909**
Charge to Statement of Comprehensive Income during year	**1,234,675**
Balance at 31st December 2019	**2,745,584**

continued...

18. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid

	Nominal Value	**2019** **No.**	2018 No.	**2019** **£**	2018 £
Ordinary	£0.01	**10,000**	10,000	**100**	100
Preference	£0.50	**26,000,000**	26,000,000	**13,000,000**	13,000,000
B Ordinary	£0.01	**38,325**	38,325	**383**	383
C Ordinary	£0.01	**7,625**	7,625	**77**	77
				13,000,560	13,000,560

The rights and obligations attached to the non-ordinary share capital are as follows:

	Ordinary shares	Preference Shares	B Ordinary Shares	C Ordinary Shares
Dividend	None set	Rank in preference to the ordinary shares up to a maximum aggregate limit of £1,000,000 per annum.	None set	None Set
Cumulative	N/A	N/A	No	No
Redemption	-	Redeemable £1 per share	-	-
Voting		No vote	No vote	No vote
Capital on winding up	Yes	Paid up value	None	None

19. RESERVES

	Retained earnings £	**Share premium £**	**Totals £**
At 1st January 2019	**22,814,355**	**13,000,000**	**35,814,355**
Profit for the year	**51,372,870**	**-**	**51,372,870**
At 31st December 2019	**74,187,225**	**13,000,000**	**87,187,225**

20. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The gross pension cost charge represents contributions payable by the company and amounted to £2,296,856 (2018: £1,068,503).

21. ULTIMATE PARENT COMPANY

The company is an immediate subsidiary undertaking of The WEST Retail Group Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is The WEST Retail Group Limited. The consolidated financial statements of the group can be obtained from Companies house, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is M S Healey.

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22. CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for in the financial statements	**5,044,154**	5,044,154

23. RELATED PARTY DISCLOSURES

During the year the company had the following transaction with fellow group companies:

	2019 £	2018 £
Rent & occupation costs of showrooms	**-**	1,226,319
Management charges paid	**4,686,315**	3,990,000
Purchase of goods and services	**3,256,934**	2,544,536
	7,943,249	7,760,855
Balance due from/ (to) group companies at 31st December 2019	**3,186,425**	(59,342,370)

During the year the company leased premises from companies in which M J Pullan is a director. During the year rent charges of £4,361,696 (2018: £4,285,483) were recognised and paid in respect of these leases.