

COMPANY REGISTRATION NUMBER: 02881663

Addis Housewares Limited
Financial Statements
For the year ended
31 December 2015



Addis Housewares Limited

Financial Statements

Year ended 31 December 2015

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Addis Housewares Limited

Officers and Professional Advisers

The board of directors

Mr M Godfrey
Mr S Grainger
Mr M Lee-Smith
Mr D Rand
Mr T Seviour
Mr M Simmons
Mr R J Tucker

Company secretary

Mr R J Tucker

Registered office

Zone 3 Waterton Point
Brocastle Avenue
Waterton Industrial Estate
Bridgend
CF31 3US

Auditor

Clay Shaw Thomas Limited
Chartered accountant & statutory auditor
2 Oldfield Road
Bocam Park
Bridgend
CF35 5LJ

Bankers

Halifax Bank of Scotland
New Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Solicitors

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

Addis Housewares Limited

Strategic Report

Year ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015.

Principal activity

The principal activity of the company continues to be the manufacture and sale of household and light commercial products.

Business review/development & performance

Details of the trading activities and financial position of the company are shown on pages 8 and 9.

The company's turnover for the year increased from £20.31m to 20.34m.

The profit and loss account of the company is set out on page 8 and shows a profit before tax for the year ended 31 December 2015 of £341,467, compared with a profit for the year ended 31 December 2014 of £353,464.

We are pleased to report that 2015 was another year of progress for the Addis business. Once again we saw an improvement in both our Sales & EBITDA. We had service levels of >99% and a quality failure rate that almost did not register. All product categories within the business developed satisfactorily with a significantly higher level of innovation driving sales and profitability. Within the sales sectors, a particularly strong performance was seen within the Grocery, General merchants, DIY, Hardware, Garden centres, and department store sectors. Within our trading categories Laundry, Waste management, Cleaning, Sinkware, Food Storage, Home organisation & our new category Bathroom all showed strong performances with excellent year on year growth in sales and profitability.

Principal risks & uncertainties

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, currency risk, credit risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Financial key performance indicators

The financial key performance indicators for the year were as follows:

	2015	2014
Turnover	20,339,126	20,313,000
Profit before Tax	341,467	353,464
EBITDA	1,006,827	972,367

Addis Housewares Limited

Strategic Report *(continued)*

Year ended 31 December 2015

This report was approved by the board of directors on 25/07/16 and signed on behalf of the board by:



Mr R J Tucker
Director

Registered office:
Zone 3 Waterton Point
Brocastle Avenue
Waterton Industrial Estate
Bridgend
CF31 3US

Addis Housewares Limited

Directors' Report

Year ended 31 December 2015

The directors present their report and the financial statements of the company for the year ended 31 December 2015.

Directors

The directors who served the company during the year were as follows:

Mr M Godfrey
Mr S Grainger
Mr M Lee-Smith
Mr D Rand
Mr T Seviour
Mr M Simmons
Mr R J Tucker

Dividends

The directors do not propose the payment of a dividend for the year (2014: £nil). The profit for the year of £675,391 (2014: £1,109,874) was transferred to reserves.

Future developments

Since the period end, the company has been profitable and cash generative. The company's forecasts also show that it is expected to continue to be profitable and cash generative at an operating level over the foreseeable future. However the company is committed to significant funding of a defined benefit pension scheme. As a result the company will need to carefully manage its cash flow to ensure that there are sufficient funds to meet the contributions required by the scheme.

After enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information in the strategic report

This information is shown in the strategic report under s414C(11) on page 1.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
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Addis Housewares Limited

Directors' Report *(continued)*

Year ended 31 December 2015

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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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.

This report was approved by the board of directors on 25/07/16 and signed on behalf of the board by:



Mr R J Tucker
Director

Registered office:
Zone 3 Waterton Point
Brocastle Avenue
Waterton Industrial Estate
Bridgend
CF31 3US

Addis Housewares Limited

Independent Auditor's Report to the Shareholders of Addis Housewares Limited

Year ended 31 December 2015

We have audited the financial statements of Addis Housewares Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Addis Housewares Limited

Independent Auditor's Report to the Shareholders of Addis Housewares Limited *(continued)*

Year ended 31 December 2015

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Mr David Gwyn J. Williams B.A.,F.C.A (Senior Statutory Auditor)

For and on behalf of
Clay Shaw Thomas Limited
Chartered accountant & statutory auditor
2 Oldfield Road
Bocam Park
Bridgend
CF35 5LJ

Date 25/07/16

Addis Housewares Limited
Statement of Comprehensive Income
Year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	4	20,339,126	20,313,000
Cost of sales		<u>14,730,110</u>	<u>14,953,633</u>
Gross profit		5,609,016	5,359,367
Distribution costs		<u>4,182,924</u>	4,021,323
Administrative expenses		<u>575,002</u>	<u>517,080</u>
Operating profit	5	851,090	820,964
Other interest receivable and similar income	9	<u>(1,521)</u>	(1,201)
Interest payable and similar charges	10	<u>511,144</u>	<u>468,701</u>
Profit on ordinary activities before taxation		341,467	353,464
Tax on profit on ordinary activities	11	<u>66,076</u>	<u>(630,410)</u>
Profit for the financial year		275,391	<u>983,874</u>
Remeasurement of the net defined benefit plan		<u>500,000</u>	157,500
Tax relating to components of other comprehensive income		<u>(100,000)</u>	<u>(31,500)</u>
Other comprehensive income for the year		400,000	126,000
Total comprehensive income for the year		675,391	<u>1,109,874</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 27 form part of these financial statements.

Addis Housewares Limited

Balance Sheet

31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	12	791,310	630,601
Current assets			
Stocks	13	1,847,561	1,698,000
Debtors	14	11,242,087	10,678,641
Cash at bank and in hand		320,489	268,802
		13,410,137	12,645,443
Creditors: amounts falling due within one year	15	5,186,147	4,798,343
Net current assets		8,223,990	7,847,100
Total assets less current liabilities		9,015,300	8,477,701
Creditors: amounts falling due after more than one year	16	152,015	70,382
Net assets excluding defined benefit pension plan liability		8,863,285	8,407,319
Defined benefit pension plan liability	19	9,980,000	10,200,000
Net liabilities including defined benefit pension plan liability		(1,116,715)	(1,792,681)
Capital and reserves			
Called up share capital	21	500,575	6,000,000
Profit and loss account	22	(1,617,290)	(7,792,681)
Shareholders deficit		(1,116,715)	(1,792,681)

These financial statements were approved by the board of directors and authorised for issue on 25.01.16, and are signed on behalf of the board by:



Mr M Lee-Smith
Director



Mr R J Tucker
Director

Company registration number: 02881663

The notes on pages 11 to 27 form part of these financial statements.

Addis Housewares Limited

Statement of Changes in Equity

Year ended 31 December 2015

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2014		6,000,000	(8,902,555)	(2,902,555)
Profit for the year			983,874	983,874
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	19	–	157,500	157,500
Tax relating to components of other comprehensive income	11	–	(31,500)	(31,500)
Total comprehensive income for the year		–	1,109,874	1,109,874
At 31 December 2014		6,000,000	(7,792,681)	(1,792,681)
Profit for the year			275,391	275,391
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	19	–	500,000	500,000
Tax relating to components of other comprehensive income	11	–	(100,000)	(100,000)
Total comprehensive income for the year		–	675,391	675,391
Issue of shares		575	–	575
Cancellation of subscribed capital		(5,500,000)	5,500,000	–
Total investments by and distributions to owners		(5,499,425)	5,500,000	575
At 31 December 2015		<u>500,575</u>	<u>(1,617,290)</u>	<u>(1,116,715)</u>

The notes on pages 11 to 27 form part of these financial statements.

Addis Housewares Limited

Notes to the Financial Statements

Year ended 31 December 2015

1. Statement of compliance

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom & Republic of Ireland' (FRS102), and with the Companies Act 2006.

The company is a private company limited by shares and is incorporated and domiciled in England & Wales. The address of the registered office is Zone 3, Waterton Point, Brocastle Avenue, Waterton Industrial Estate, Bridgend, CF31 3US

2. Accounting policies

Basis of preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements are presented in Sterling (£).

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 26.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Addis Group Limited which can be obtained from Addis Group Limited, Zone 3, Waterton Point, Brocastle Avenue, Waterton Industrial Estate, Bridgend, CF31 3US. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.

Revenue recognition

Turnover represents the amounts derived from the provision of goods and services to customers, excluding value added tax and trade discounts.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Income tax

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more or a right to pay less, or to receive more tax with the following exception:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 3 to 7 years
Fixtures and fittings	- 3 to 10 years

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Depreciation *(continued)*

The carrying values of the fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first in first out basis is used. For work in progress and finished goods is taken as production cost, which includes an appropriate proportion of attributable overheads.

Stocks held on consignment are those where the risks and rewards are not passed on to the company. These stocks are not included in the balance sheet and are expensed in the profit and loss account in the period in which they are consumed.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Revenue grants receivable are credited to the profit and loss account in the period in which they become receivable.

Defined benefit plans

The company operates a defined benefit pension scheme, the Addis Housewares Limited Pension Scheme, covering the majority of its permanent employees. The scheme funds are administered by trustees and are independent of the company's finances. The scheme contributions are paid to the scheme in accordance with the recommendations of independent actuaries.

The difference between the market value of the assets of the scheme and the present value of its liabilities is shown as an asset or liability on the company's balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses, along with differences which arise from experience or assumption changes.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Foreign currency

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Going concern

Since the period end, the company has been profitable and cash generative. The company's forecasts also show that it is expected to continue to be profitable and cash generative at an operating level over the foreseeable future. However the company is committed to significant funding of a defined benefit pension scheme. As a result the company will need to carefully manage its cash flow to ensure that there are sufficient funds to meet the contributions required by the scheme.

After enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

3. Critical accounting judgements and estimation uncertainty

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.

(a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes to the accounts for the carrying amount of the property plant and equipment and for the useful economic lives for each class of assets.

(ii) Stock Provisions

The company sells household and light commercial products and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of the stock and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future use of raw materials.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iv) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management rely on the advice and estimates provided by the actuary, of these factors, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

4. Turnover

Turnover arises from:

	2015	2014
	£	£
Sale of goods	<u>20,339,126</u>	<u>20,313,000</u>

Turnover arises solely from the principal activities of the company. The company has not disclosed an analysis of turnover by market as the directors consider that this will be seriously prejudicial to the company.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

5. Operating profit

Operating profit or loss is stated after charging:

	2015	2014
	£	£
Depreciation of tangible assets	155,737	150,403
Gains on disposal of tangible assets	(8,757)	-
Operating lease rentals	471,508	345,000
Defined contribution plans expense	121,953	97,643
Defined benefit plans expense	430,000	400,000

6. Auditor's remuneration

	2015	2014
	£	£
Fees payable for the audit of the financial statements	19,500	19,000
Fees payable to the company's auditor and its associates for other services: Taxation advisory services	5,762	12,000

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2015	2014
	No.	No.
Production staff	22	22
Distribution staff	41	41
Administrative staff	5	4
	68	67

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015	2014
	£	£
Wages and salaries	2,087,308	2,079,357
Social security costs	271,349	259,000
Other pension costs	121,953	97,643
	2,480,610	2,436,000

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2015	2014
	£	£
Remuneration	540,051	477,962
Company contributions to defined contribution pension plans	97,292	97,643
	637,343	575,605

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

8. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2015	2014
	£	£
Aggregate remuneration	99,350	73,718
Company contributions to defined contribution pension plans	66,484	72,843
	<u>165,834</u>	<u>146,561</u>

9. Other interest receivable and similar income

	2015	2014
	£	£
Interest on cash and cash equivalents	<u>1,521</u>	<u>1,201</u>

10. Interest payable and similar charges

	2015	2014
	£	£
Interest on banks loans and overdrafts	73,171	68,701
Interest on obligations under finance leases and hire purchase contracts	7,973	–
Pension finance charge	430,000	400,000
	<u>511,144</u>	<u>468,701</u>

11. Tax on profit on ordinary activities

Major components of tax expense/(income)

	2015	2014
	£	£
Deferred tax:		
Origination and reversal of timing differences	122,006	(580,410)
Movement in deferred tax asset in relation to pension scheme deficit	(55,930)	(50,000)
Total deferred tax	<u>66,076</u>	<u>(630,410)</u>
Tax on profit on ordinary activities	<u>66,076</u>	<u>(630,410)</u>

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £100,000 (2014: £31,500).

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

11. Tax on profit on ordinary activities *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20% (2014: 20%).

	2015 £	2014 £
Profit on ordinary activities before taxation	341,467	353,464
Profit on ordinary activities by rate of tax	68,293	70,693
Effect of capital allowances and depreciation	(55,040)	14,989
Deferred grant income	(3,177)	(3,177)
Net pension expenses not deductible for tax purposes	56,000	50,000
Deferred tax: Origination and reversal of timing differences	–	(762,915)
Tax on profit on ordinary activities	66,076	(630,410)

There was no Corporation Tax payable in this or the prior period due to the availability of previous years' trading losses.

12. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Assets in construction £	Total £
Cost				
At 1 January 2015	5,857,876	681,350	–	6,539,226
Additions	–	–	333,031	333,031
Disposals	(3,837,630)	(422,782)	–	(4,260,412)
Transfers	314,489	18,542	(333,031)	–
At 31 December 2015	2,334,735	277,110	–	2,611,845
Depreciation				
At 1 January 2015	5,288,321	620,304	–	5,908,625
Charge for the year	127,897	27,840	–	155,737
Disposals	(3,821,045)	(422,782)	–	(4,243,827)
At 31 December 2015	1,595,173	225,362	–	1,820,535
Carrying amount				
At 31 December 2015	739,562	51,748	–	791,310
At 31 December 2014	569,555	61,046	–	630,601

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

12. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 December 2015	141,443
At 31 December 2014	–

Capital commitments

	2015 £	2014 £
Contracted for but not provided for in the financial statements	156,000	–

13. Stocks

	2015 £	2014 £
Raw materials and consumables	288,751	237,000
Work in progress	–	5,000
Finished goods and goods for resale	1,558,810	1,456,000
	1,847,561	1,698,000

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

14. Debtors

	2015 £	2014 £
Trade debtors	3,181,956	2,996,255
Amounts owed by group undertakings	4,286,151	4,286,151
Deferred tax asset	2,454,404	2,620,410
Called up share capital not paid	575	–
Prepayments and accrued income	182,420	65,880
Corporation tax repayable	62,088	62,088
Other debtors	1,074,493	647,857
	11,242,087	10,678,641

The debtors above include the following amounts falling due after more than one year:

	2015 £	2014 £
Amounts owed by group undertakings	4,286,151	4,565,636
Deferred tax asset	2,454,404	2,683,000
	6,740,555	7,248,636

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

15. Creditors: amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts	1,239,891	1,340,143
Trade creditors	1,881,200	1,434,391
Accruals and deferred income	1,725,286	1,189,889
Social security and other taxes	307,564	512,238
Obligations under finance leases and hire purchase contracts	24,446	–
Other creditors	7,760	321,682
	<u>5,186,147</u>	<u>4,798,343</u>

Bank loans and overdrafts are secured by fixed and floating charges over the assets of the company.

Hire purchase liabilities are secured on the assets to which they relate.

16. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Accruals and deferred income	54,493	70,382
Obligations under finance leases and hire purchase contracts	97,522	–
	<u>152,015</u>	<u>70,382</u>

17. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2015 £	2014 £
Not later than 1 year	24,446	–
Later than 1 year and not later than 5 years	97,522	–
	<u>121,968</u>	<u>–</u>

18. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2015 £	2014 £
Included in debtors (note 14)	<u>2,454,404</u>	<u>2,620,410</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Accelerated capital allowances	(76,820)	(21,733)
Unused tax losses	535,224	602,143
Pension benefit obligations	1,996,000	2,040,000
	<u>2,454,404</u>	<u>2,620,410</u>

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £121,953 (2014: £97,643).

Defined benefit plans

The company operates a defined benefit pension scheme with assets held in a separately administered fund. The fund is administered by a group of trustees, who are responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations. The company has agreed a funding plan with the trustees, whereby contributions are made of £150,000 per annum increasing by £50,000 per annum with effect from 1st April 2018 in order to reduce the current deficit of the fund.

On 30th April 2002 defined benefits ceased further accruals and all active members at the date became deferred pensioner members.

During the year, the company contributed £150,000 to the scheme. The PPF levy for the 2014/15 tax year was paid directly by the scheme.

A comprehensive actuarial valuation of the company pension scheme was carried out on 29th January 2016 by BBS Consultants & Actuaries, independent consulting actuaries.

The balance sheet net defined benefit liability is determined as follows:

	2015	2014
	£	£
Present value of defined benefit obligations	(27,320,000)	(28,590,000)
Fair value of plan assets	<u>17,340,000</u>	<u>18,390,000</u>
	<u>(9,980,000)</u>	<u>(10,200,000)</u>

Changes in the present value of the defined benefit obligations are as follows:

	2015
	£
At 1 January 2015	28,590,000
Interest expense	1,170,000
Benefits paid	(1,350,000)
Remeasurements:	
Actuarial gains and losses	(1,090,000)
At 31 December 2015	<u>27,320,000</u>

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

19. Employee benefits *(continued)*

Changes in the fair value of plan assets are as follows:

	2015 £
At 1 January 2015	18,390,000
Interest income	740,000
Benefits paid	(1,350,000)
Contributions by employer	150,000
Administration expenses	(190,000)
Remeasurements:	
Actuarial gains and losses	(400,000)
At 31 December 2015	<u>17,340,000</u>

The total costs for the year in relation to defined benefit plans are as follows:

	2015 £	2014 £
Recognised in profit or loss:		
Net interest expense	<u>430,000</u>	<u>400,000</u>

The fair value of the major categories of plan assets are as follows:

	2015 £	2014 £
Equity instruments	9,499,368	10,300,607
Debt instruments	131,000	287,000
Property	1,824,154	1,176,695
Cash and cash equivalents	189,299	1,013,768
Bonds	5,696,179	5,611,930
	<u>17,340,000</u>	<u>18,390,000</u>

The return on plan assets are as follows:

	2015 £	2014 £
Return on assets of benefit plan	<u>340,000</u>	<u>950,000</u>

The principal actuarial assumptions as at the balance sheet date were:

	2015 %	2014 %
Discount rate	4.50	4.20
Inflation assumption	3.00	2.80
Mortality rates:		
Current pensioners at 65 - male	84.70	84.80
Current pensioners at 65 - female	86.60	86.80
Future pensioners at 65 - male	85.50	85.70
Future pensioners at 65 - female	<u>87.70</u>	<u>87.90</u>

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

20. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2015	2014
	£	£
Recognised in creditors:		
Deferred government grants due within one year	15,889	15,889
Deferred government grants due after more than one year	54,493	70,382
	<u>70,382</u>	<u>86,271</u>

21. Called up share capital

Authorised share capital

	2015		2014	
	No.	£	No.	£
Ordinary A Shares shares of £1 each	500,000	500,000	6,000,000	6,000,000
Ordinary B Shares shares of £0.10 each	5,000	500	–	–
Ordinary C Shares shares of £0.10 each	750	75	–	–
	<u>505,750</u>	<u>500,575</u>	<u>6,000,000</u>	<u>6,000,000</u>

Issued, called up and fully paid

	2015		2014	
	No.	£	No.	£
Ordinary A Shares shares of £1 each	500,000	500,000	6,000,000	6,000,000
Ordinary B Shares shares of £0.10 each	5,000	500	–	–
Ordinary C Shares shares of £0.10 each	750	75	–	–
	<u>505,750</u>	<u>500,575</u>	<u>6,000,000</u>	<u>6,000,000</u>

Share movements

	No.	£
Ordinary A Shares		
At 1 January 2015	6,000,000	6,000,000
Issue of shares	5,750	575
Shares cancelled	(5,500,000)	(5,500,000)
At 31 December 2015	<u>505,750</u>	<u>500,575</u>

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

21. Called up share capital *(continued)*

Ordinary A Shares of £1 each - No restrictions to voting, capital or distributions. Capital to be repaid upon winding up of the company, after all capital repaid on A, B & C shares, all or any surpluses of assets then remaining to be distributed among the Ordinary A shares to the exclusion of all other classes of shares.

Ordinary B Shares of £0.10 each - No voting rights, full rights to dividends, capital to be repaid upon winding up or sale of the company. No further entitlement to distributions.

Ordinary C Shares of £0.10 each - No voting rights, full rights to dividends, capital to be repaid upon winding up or sale of the company. No further entitlement to distributions.

22. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

23. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 £	2014 £
Not later than 1 year	454,076	339,658
Later than 1 year and not later than 5 years	611,761	869,350
	<u>1,065,837</u>	<u>1,209,008</u>

24. Related party transactions

Addis Housewares Limited is a 100% subsidiary of Addis Group Limited, and as such has taken advantage of the exemption stated in FRS102 which does not require the disclosure of transactions between group companies if at least 100% of the voting rights are held within the group.

Group consolidated financial statements are prepared and are available from Addis Group Limited, Zone 3 Waterton Point, Brocastle Avenue, Waterton Industrial Estate, Bridgend, CF31 3US.

Emsa GmbH was a 99.95% shareholder of Addis Group Limited until 23rd June 2015. During the year, the company purchased goods in the normal course of business from Emsa GmbH for £399,000 (2014: £601,000). All transactions were undertaken at normal market prices. At the year end there was a balance owing to Emsa GmbH of £97,675 (2014: £(279,496)).

25. Controlling party

The ultimate parent undertaking of Addis Housewares Limited is Addis Group Limited, a company registered in Wales.

In the opinion of the directors the ultimate controlling party is Herr Wulf, who together with his family, hold 95% of the ordinary share capital in the company's immediate parent undertaking, Addis Group Limited.

26. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

26. Transition to FRS 102 *(continued)*

Reconciliation of equity

	1 January 2014			31 December 2014		
	As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£	£	£	£
Fixed assets	741,000	–	741,000	630,601	–	630,601
Current assets	10,504,000	2,021,500	12,525,500	10,025,033	2,620,410	12,645,443
Creditors: amounts falling due within one year	(6,061,555)	–	(6,061,555)	(4,798,343)	–	(4,798,343)
Net current assets	4,442,445	2,021,500	6,463,945	5,226,690	2,620,410	7,847,100
Total assets less current liabilities	5,183,445	2,021,500	7,204,945	5,857,291	2,620,410	8,477,701
Creditors: amounts falling due after more than one year	–	–	–	(70,382)	–	(70,382)
Provisions	–	–	–	643,000	(643,000)	–
Defined benefit pension plan liability	(8,086,000)	(2,021,500)	(10,107,500)	(8,160,000)	(2,040,000)	(10,200,000)
Net liabilities including defined benefit pension plan liability	(2,902,555)	–	(2,902,555)	(1,730,091)	(62,590)	(1,792,681)
Capital and reserves	(2,902,555)	–	(2,902,555)	(1,730,091)	(62,590)	(1,792,681)

Reconciliation of profit or loss for the year

	Year ended 31 December 2014		
	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£
Turnover	20,313,000	–	20,313,000
Cost of sales	(14,953,633)	–	(14,953,633)
Gross profit	5,359,367	–	5,359,367
Distribution costs	(4,021,323)	–	(4,021,323)
Administrative expenses	(517,080)	–	(517,080)
Operating profit	820,964	–	820,964
Other interest receivable and similar income	211,201	(210,000)	1,201
Interest payable and similar charges	(68,701)	(400,000)	(468,701)
Tax on profit on ordinary activities	571,000	59,410	630,410
Profit for the financial year	1,534,464	(550,590)	983,874

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

26. Transition to FRS 102 *(continued)*

Defined benefit pension plan has been reclassified to include the gross pension liability at the foot of the balance sheet and the related deferred tax asset within debtors at the year end.

Under previous UK GAAP the company recognised an expected return on defined benefit plan assets in the profit and loss account. Under FRS102 a net interest expense, based on the defined benefit liability, is recognised in the profit and loss account. There has been no change in the defined benefit liability at 1 January 2014 or 31 December 2014. The effect of the change has been to reduce the credit to the profit and loss account in the year to 31 December 2014 by £610,000 and increase the credit in in other comprehensive income by an equivalent amount.