

COMPANY REGISTRATION NUMBER: 02881663

Addis Housewares Limited
Financial Statements
For the year ended
31 December 2021

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Addis Housewares Limited

Financial Statements

Year ended 31 December 2021

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Addis Housewares Limited

Officers and Professional Advisers

The board of directors

Mr M Lee-Smith
Mr D Rand
Mr M Simmons
Mr R J Tucker
Mr M Godfrey
Mr L B Major

Company secretary

Mr R J Tucker

Registered office

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

Auditor

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

Bankers

Halifax Bank of Scotland
New Uberior 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 2021

The directors present their strategic report for the year ended 31 December 2021.

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 12 and 13.

The company's turnover for the year increased from £33.32m to £35.85m.

The statement of comprehensive income of the company is set out on page 12 and shows a profit before tax for the year ended 31 December 2021 of £1,086,128 compared with a profit for the year ended 31 December 2020 of £2,486,267.

We are pleased to report that 2021 was another year of progress for the Addis business. Once again, we saw an improvement in our sales. Due to increases in global supply costs, mainly, in transportation & materials, our profit fell, year on year, vs 2020, however increased vs 2019 levels. Our service levels remained strong, as did our product quality failure rate at 99.9%. All product categories (Cleaning, Laundry, Sinkside, Bathroom, Kitchen, Home organisation & Waste management) in the business grew strongly. Within the sales sectors, particular growth was seen in Export, Grocery, General merchants, Hardware and Garden centres.

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:

	2021	2020
Turnover	35,853,975	33,316,250
Profit before Tax	1,086,128	2,486,267
EBITDA	1,672,538	3,144,743

Impact of covid-19

On 11th March 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) pandemic. On the 23 March 2020 the UK Government instructed the public to stay at home for all but essential journeys in order to slow the spread of the disease. As a result, economic uncertainties have arisen which could negatively impact future net income. Other financial impacts could occur though such potential impact is unknown at this time.

Addis Housewares Limited

Strategic Report *(continued)*

Year ended 31 December 2021

This report was approved by the board of directors on 17th May 2022 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 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Directors

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

Mr M Lee-Smith
Mr D Rand
Mr M Simmons
Mr R J Tucker
Mr M Godfrey
Mr L B Major

(Appointed 23 March 2021)

Dividends

The directors do not propose the payment of a dividend for the year (2020: £nil). The profit for the year of £3,074,179 (2020: Loss £2,080,037) was transferred to reserves.

Future developments

Since the period end, the company has continued to be profitable at an operating level. The company's forecasts also show that it is expected to remain 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.

Addis Housewares Limited

Directors' Report *(continued)*

Year ended 31 December 2021

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 17th May 2022 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 Members of Addis Housewares Limited

Year ended 31 December 2021

Opinion

We have audited the financial statements of Addis Housewares Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Addis Housewares Limited

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

Year ended 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, 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.

Addis Housewares Limited

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

Year ended 31 December 2021

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Addis Housewares Limited

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

Year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including UK Companies Act, employment law, health & safety regulations and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with management considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by management in its significant accounting estimates; and
 - We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and reviewing journal entries.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Addis Housewares Limited

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

Year ended 31 December 2021

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Addis Housewares Limited

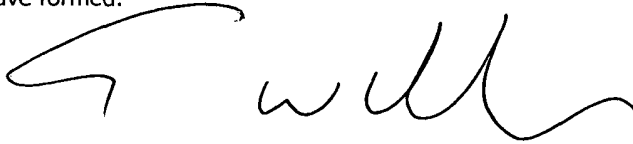
Independent Auditor's Report to the Members of Addis Housewares Limited *(continued)*

Year ended 31 December 2021

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



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

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

17th May 2022

Addis Housewares Limited
Statement of Comprehensive Income
Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	35,853,975	33,316,250
Cost of sales		(28,046,088)	(24,710,924)
Gross profit		7,807,887	8,605,326
Distribution costs		(4,928,793)	(4,160,406)
Administrative expenses		(1,395,747)	(1,532,966)
Other operating income	5	19,342	70,067
Operating profit	6	1,502,689	2,982,021
Other interest receivable and similar income	10	41	1,933
Interest payable and similar expenses	11	(416,602)	(497,687)
Profit before taxation		1,086,128	2,486,267
Tax on profit	12	(190,849)	(475,804)
Profit for the financial year		895,279	2,010,463
Remeasurement of the net defined benefit plan		2,690,000	(5,050,000)
Tax relating to components of other comprehensive income		(511,100)	959,500
Other comprehensive income for the year		2,178,900	(4,090,500)
Total comprehensive income for the year		3,074,179	(2,080,037)

All the activities of the company are from continuing operations.

The notes on pages 15 to 29 form part of these financial statements.

Addis Housewares Limited

Balance Sheet

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	1,387,100	1,077,364
Current assets			
Stocks	14	3,236,407	2,768,512
Debtors	15	14,652,563	15,011,979
Cash at bank and in hand		1,846,285	1,699,684
		19,735,255	19,480,175
Creditors: amounts falling due within one year	16	5,128,980	4,654,522
Net current assets		14,606,275	14,825,653
Total assets less current liabilities		15,993,375	15,903,017
Creditors: amounts falling due after more than one year	17	64,083	37,904
Net assets excluding defined benefit pension plan liability		15,929,292	15,865,113
Defined benefit pension plan liability	19	(20,180,000)	(23,190,000)
Net liabilities including defined benefit pension plan liability		(4,250,708)	(7,324,887)
Capital and reserves			
Called up share capital	21	500,575	500,575
Profit and loss account	22	(4,751,283)	(7,825,462)
Shareholders deficit		(4,250,708)	(7,324,887)

These financial statements were approved by the board of directors and authorised for issue on 14 May 2022 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 15 to 29 form part of these financial statements.

Addis Housewares Limited
Statement of Changes in Equity
Year ended 31 December 2021

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2020		500,575	(5,745,425)	(5,244,850)
Profit for the year			2,010,463	2,010,463
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	19	–	(5,050,000)	(5,050,000)
Tax relating to components of other comprehensive income	12	–	959,500	959,500
Total comprehensive income for the year		–	(2,080,037)	(2,080,037)
At 31 December 2020		500,575	(7,825,462)	(7,324,887)
Profit for the year			895,279	895,279
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	19	–	2,690,000	2,690,000
Tax relating to components of other comprehensive income	12	–	(511,100)	(511,100)
Total comprehensive income for the year		–	3,074,179	3,074,179
At 31 December 2021		<u>500,575</u>	<u>(4,751,283)</u>	<u>(4,250,708)</u>

The notes on pages 15 to 29 form part of these financial statements.

Addis Housewares Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

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

2. 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.

3. 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 (£).

Going concern

Since the period end, the company has continued to be profitable at an operating level. The company's forecasts also show that it is expected to remain 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 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.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Judgements and key sources of 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.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

Revenue recognition

Turnover represents the amounts derived from the sale of household and light commercial products to customers, excluding value added tax.

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.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Tangible assets *(continued)*

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 10 years straight line and 15% reducing balance
Fixtures and fittings	- 3 to 10 years straight line

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.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Stocks

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

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, which is closed to new members. 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 changes in equity, along with differences which arise from experience or assumption changes.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	35,853,975	33,316,250

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.

5. Other operating income

	2021	2020
	£	£
Government grant income	19,342	6,760
Other operating income	—	63,307
	19,342	70,067

6. Operating profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Depreciation of tangible assets	169,849	162,722
Impairment of trade debtors	46,373	59,016
Operating lease rentals	820,596	636,519
Defined contribution plans expense	180,845	183,476

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

7. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>25,250</u>	<u>24,000</u>
Fees payable to the company's auditor and its associates for other services: Taxation advisory services	<u>3,750</u>	<u>3,650</u>

8. Staff costs

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

	2021 No.	2020 No.
Production staff	30	28
Distribution staff	47	39
Administrative staff	16	16
	<u>93</u>	<u>83</u>

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

	2021 £	2020 £
Wages and salaries	2,744,448	2,566,045
Social security costs	297,960	249,026
Other pension costs	180,845	183,476
	<u>3,223,253</u>	<u>2,998,547</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Remuneration	816,270	607,105
Company contributions to defined contribution pension plans	108,657	129,142
	<u>924,927</u>	<u>736,247</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021 No.	2020 No.
Defined contribution plans	<u>6</u>	<u>5</u>

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

9. Directors' remuneration *(continued)*

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

	2021 £	2020 £
Aggregate remuneration	244,099	169,428
Company contributions to defined contribution pension plans	3,412	41,200
	<u>247,511</u>	<u>210,628</u>

10. Other interest receivable and similar income

	2021 £	2020 £
Interest on cash and cash equivalents	—	1,933
Interest receivable from HMRC	41	—
	<u>41</u>	<u>1,933</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	6,602	17,440
Interest on obligations under finance leases and hire purchase contracts	—	247
Pension finance charge	410,000	480,000
	<u>416,602</u>	<u>497,687</u>

12. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	63,543	428,063
Adjustments in respect of prior periods	(6,553)	—
Total current tax	<u>56,990</u>	<u>428,063</u>
Deferred tax:		
Origination and reversal of timing differences	73,059	11,641
Movement in deferred tax asset in relation to pension scheme deficit	60,800	36,100
Total deferred tax	<u>133,859</u>	<u>47,741</u>
Tax on profit	<u>190,849</u>	<u>475,804</u>

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

12. Tax on profit *(continued)*

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 £511,100 (2020: £(959,500)).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	1,086,128	2,486,267
Profit on ordinary activities by rate of tax	206,364	472,391
Adjustment to tax charge in respect of prior periods	(6,553)	–
Effect of expenses not deductible for tax purposes	2,778	–
Effect of capital allowances and depreciation	(60,907)	(15,494)
Effect of different UK tax rates on some earnings	(11,673)	–
Deferred grant income	(3,675)	(1,284)
Net pension expenses not deductible for tax purposes	(69,344)	(27,550)
Deferred tax: Origination and reversal of timing differences	73,059	11,641
Deferred tax: Movement in deferred tax asset in relation to pension scheme deficit	60,800	36,100
Tax on profit	190,849	475,804

13. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Assets in construction £	Total £
Cost				
At 1 January 2021	2,537,729	355,947	–	2,893,676
Additions	–	–	479,584	479,584
Transfers	409,806	69,779	(479,584)	1
At 31 December 2021	2,947,535	425,726	–	3,373,261
Depreciation				
At 1 January 2021	1,541,404	274,908	–	1,816,312
Charge for the year	159,104	10,745	–	169,849
At 31 December 2021	1,700,508	285,653	–	1,986,161
Carrying amount				
At 31 December 2021	1,247,027	140,073	–	1,387,100
At 31 December 2020	996,325	81,039	–	1,077,364

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

13. Tangible assets *(continued)*

Capital commitments

	2021 £	2020 £
Contracted for but not provided for in the financial statements	—	110,000

14. Stocks

	2021 £	2020 £
Raw materials and consumables	259,495	391,946
Finished goods and goods for resale	2,976,912	2,376,566
	3,236,407	2,768,512

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

15. Debtors

	2021 £	2020 £
Trade debtors	5,669,563	5,726,144
Amounts owed by group undertakings	4,286,151	4,286,151
Deferred tax asset	3,596,434	4,241,394
Prepayments and accrued income	322,881	386,268
Other debtors	777,534	372,022
	14,652,563	15,011,979

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

	2021 £	2020 £
Deferred tax asset	3,596,434	4,241,394

16. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	48,321	—
Trade creditors	2,937,619	1,853,152
Accruals and deferred income	1,633,425	1,980,842
Corporation tax	63,502	428,063
Social security and other taxes	446,113	390,941
Other creditors	—	1,524
	5,128,980	4,654,522

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

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

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

	2021	2020
	£	£
Accruals and deferred income	64,083	37,904

18. Deferred tax

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

	2021	2020
	£	£
Included in debtors (note 15)	3,596,434	4,241,394

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

	2021	2020
	£	£
Accelerated capital allowances	237,766	173,256
Pension plan obligations	(3,834,200)	(4,406,100)
Deferred tax - other timing differences	—	(8,550)
	(3,596,434)	(4,241,394)

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £180,845 (2020: £183,476).

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 agreed to be increased at a rate of 10% a year from 2019. Therefore the value of the contributions in 2022 will be £409,790. This recovery plan has been put in place in order to reduce the current deficit of the fund. The agreement was dated 22 March 2017. An additional contribution of £320,000 has been agreed subject to the company being cash positive at its year end.

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

During the year, the company contributed £730,000 to the scheme. The PPF levy for the 2020/21 tax year was paid directly by the scheme.

A comprehensive actuarial valuation of the company pension scheme was carried out on 31 January 2022 by Broadstone Consultants & Actuaries Limited, independent consulting actuaries.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

19. Employee benefits *(continued)*

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

	2021	2020
	£	£
Present value of defined benefit obligations	(34,500,000)	(37,340,000)
Fair value of plan assets	14,320,000	14,150,000
	<u>(20,180,000)</u>	<u>(23,190,000)</u>

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

	2021
	£
At 1 January 2021	37,340,000
Interest expense	660,000
Benefits paid	(1,470,000)
Remeasurements:	
Actuarial gains and losses	(2,030,000)
At 31 December 2021	<u>34,500,000</u>

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

	2021
	£
At 1 January 2021	14,150,000
Interest income	250,000
Benefits paid	(1,470,000)
Contributions by employer	730,000
Administration expenses	(140,000)
Remeasurements:	
Actuarial gains and losses	800,000
At 31 December 2021	<u>14,320,000</u>

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

	2021	2020
	£	£
Recognised in profit or loss:		
Net interest expense	<u>410,000</u>	<u>480,000</u>

The total costs for the year recognised in other comprehensive income:

	2021
	£
Actuarial gains and losses - present value of defined benefit obligations	(2,030,000)
Administration expenses	140,000
Actuarial gains and loss - fair value of plan assets	(800,000)
	<u>(2,690,000)</u>

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

19. Employee benefits *(continued)*

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

	2021	2020
	£	£
Equity instruments	8,878,369	7,881,680
Debt Instruments	1,460,440	928,845
Property	1,285,823	1,019,107
Cash and cash equivalents	916,152	638,898
Bonds	1,779,216	3,402,530
Currencies	—	278,940
	<u>14,320,000</u>	<u>14,150,000</u>

The return on plan assets are as follows:

	2021	2020
	£	£
Return on assets of benefit plan	<u>1,050,000</u>	<u>340,000</u>

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

	2021	2020
	%	%
Discount rate	2.50	1.80
Inflation assumption	3.40	2.80
Mortality rates:		
Current pensioners at 65 - male	84.70	84.70
Current pensioners at 65 - female	87.10	87.00
Future pensioners at 65 - male	85.30	85.30
Future pensioners at 65 - female	<u>88.00</u>	<u>87.90</u>

20. Government grants

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

	2021	2020
	£	£
Recognised in creditors:		
Deferred government grants due within one year	12,816	—
Deferred government grants due after more than one year	64,083	37,904
	<u>76,899</u>	<u>37,904</u>
Recognised in other operating income:		
Government grants released to profit or loss	19,342	6,760

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

21. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary A Shares shares of £1 each	500,000	500,000	500,000	500,000
Ordinary B Shares shares of £0.10 each	5,000	500	5,000	500
Ordinary C Shares shares of £0.10 each	750	75	750	75
	<u>505,750</u>	<u>500,575</u>	<u>505,750</u>	<u>500,575</u>

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:

	2021	2020
	£	£
Not later than 1 year	596,954	556,050
Later than 1 year and not later than 5 years	1,291,694	1,523,141
Later than 5 years	390,614	607,622
	<u>2,279,262</u>	<u>2,686,813</u>

24. Related party transactions

At the year end there was a balance owing from Addis Group Limited, the parent company of Addis Housewares Limited of £4,286,151 (2020: £4,286,151). The loan is repayable on demand. No interest is charged on the loan as there is a reciprocal agreement in place that Addis Housewares Limited waives its right to any interest on the loan, on the condition that Addis Group Limited does not charge royalties to Addis Housewares Limited.

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.

Addis Housewares Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

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 F.-J. Wulf, who together with his family, hold 95% of the ordinary share capital in the company's immediate parent undertaking, Addis Group Limited.