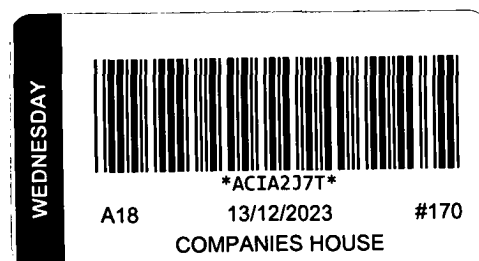


Hunter Douglas UK Retail Limited

**Annual report and financial
statements**

Registered number 01196432

31 December 2022



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Strategic report

Business Review

Hunter Douglas UK Retail Limited is a vertically integrated business specialising in the manufacture, sale and installation of window coverings in the UK. The business operates via two separate brands; Hillarys and Thomas Sanderson both of which allow customers to choose products in the comfort of their own home, which the Board consider to be a unique and highly effective model.

Objectives

The objective of the Company is to profitably increase market share within the window coverings market. This objective will be pursued whilst maintaining sound financial management and avoiding excess risk.

Key Business Strategies

To deliver the above objective the Company intends to continue to pursue the following core strategies that have successfully supported sales growth over recent years:

- Refining and expanding the window coverings product range in line with changing consumer tastes;
- Evolving and refining the marketing mix to increase our customer base at lower costs;
- Continued investment and business wide focus on improving customer service to drive higher levels of repeat business; and
- Developing the business offering to best meet the needs of our different customer segments.

The Company also continues to seek operational efficiencies within sourcing, manufacturing and central support services in order to streamline business processes and improve customer service.

The above strategies are reviewed by the Board on a quarterly basis in light of trading performance to ensure they remain appropriate to achieve the Company's objective.

Key Performance Indicators

The Company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2022	2021
	£000	£000
Revenue	227,457	209,158
Gross margin %	65.2%	65.2%
Profit before taxation	36,124	38,698

The second half of 2022 saw the emergence of the cost of living challenges into consumer mind sets, with volumes (especially in higher end product categories) declining off post COVID highs. As a result the Board are extremely pleased to report such strong performance over the full year.

Whilst the trading impacts of COVID have largely fallen away, the many opportunities and challenges facing the Company continue to stretch our teams. Their dedication to delivering high levels of product quality and customer service remains one of our key strengths and the Board would like to take this opportunity to thank them for all of their efforts and support over this last 12 months.

Strategic report *(continued)*

Key Performance Indicators *(continued)*

In addition to financial measures, the Board also monitors the Company's operations with the objective of ensuring that health and safety is at the core of all working practices. The Company employs a full time health and safety manager who co-ordinates a rolling programme of risk assessment, employee training and process improvement. The Board reviews the number of accident book entries and reportable accidents on a monthly basis. Performance during the year has been good and as far as the Board is aware, this is likely to be the case for the forthcoming year.

Section 172(1) Statement

The Directors have ensured their compliance with their duties under s. 172 (1) in relation to the business and the stakeholders of the business. The Company is part of the Hunter Douglas branded group with offices across the world. The directors of the business are engaged in the day to day management of the Company along with the management team; and engage regularly with other group entities. By doing so the directors can ensure that key decisions are made that meet the requirements of the group stakeholders.

Stakeholders

Our key stakeholders within the Group are our customers, employees, advisors, shareholders and suppliers. We are focussed on delivering high levels of service to our advisors, so that together we provide a first-class service to our customers. Our employees are central to achieving the high standards of service which we strive to offer. We recruit, train and motivate staff towards the ethos of continuously improving the service standards within the business.

Communication

We report in detail each month our trading performance, non-financial data and strategies to the supervisory board of the shareholders. This allows clear communication to ensure our strategies and decisions continue to align with the shareholders' vision. The supervisory board has the opportunity each month to directly engage with the Company's directors regarding performance and direction. We reported regularly throughout the year to Hunter Douglas Group Limited on non-financial matters including environmental and social responsibility factors.

We encourage feedback from customers so that we can constantly improve on our services. Onsite review tools and social media are two methods we use to engage with customers and receive feedback.

Our employees are the cornerstone of the business and their well-being is of utmost importance. The Company has an 'open door' policy and encourages employees to communicate informally as well as formally through the policies in place to safeguard and protect the work force. The Board sees the continued involvement of their employees in the development and delivery of the Company's products and services as of critical importance to the future success of the Company and accordingly works hard to keep all staff informed of the progress and development of the business. The Company has invested behind improved communications channels and ongoing staff training and seeks to ensure that all employees and job applicants are afforded equal opportunity in all areas of employment. The Company values the contribution of all of its staff and as a result enjoys high levels of retention.

Key decisions

Key decisions taken by the board are made with reference to the impact these decisions will have on our stakeholders. We strive for a balance between commercial success and the longer term sustainability and satisfaction of our customers coupled with the welfare of our employees.

The directors involve the senior management team in the strategic planning process to ensure engagement across the business. Senior managers are responsible for operational delivery of the majority of change initiatives within the Company whilst the directors maintain oversight of progress via regular steering committee reviews.

Strategic report (continued)

Section 172(1) Statement (continued)

Risks and uncertainties

The key risks of the Company and how these are managed are set out below:

Changing consumer patterns of response to direct marketing campaigns by media type	Close monitoring of response rates by media coupled with a short term approach to marketing commitments.
Weakening consumer market conditions	<p>High rates of inflation particularly within food and energy coupled with interest rate rises impacting mortgage costs are putting household budgets under real challenge.. As a supplier of discretionary consumer goods we anticipate that there is real risk of market declines in the coming 12 months.</p> <p>The company enters this period of potential tougher trading from a position of strength as the UK's largest direct to consumer window coverings business. The company has a solid financial position coupled, a strong brand and reputation for service quality.</p> <p>The Company's focus will remain on delivering against the Key Business Strategies set out above and believes that in so doing the company will strengthen its position with the sector and whilst near term trading may be affected, the long term health of sector will return and the Company's profitable position within that will continue.</p>
Foreign exchange risk	Use of forward exchange contracts for \$ denominated purchases to provide short term protection whilst sales pricing is aligned to higher import costs.
Supply chain management and stock availability as consumer tastes evolve	Sophisticated demand forecasting models coupled with stock inventory management and close working relationships with key suppliers.
Capacity management across manufacturing and installation activities in order to uphold high service standards.	Sophisticated demand forecasting models coupled with a strategy of investing ahead of the demand curve.
Recruiting and retaining quality staff	Increased engagement with staff through the communication of strategic objectives coupled with increased investment in personal development programmes for middle management. The business is also working hard to increase its profile and showcase employment opportunities within the local market.

Strategic report *(continued)*

Going concern

The Company's Balance Sheet shows net assets of £208,539,000 and at year end reported net current assets of £201,218,000. The Company participates in the groups centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, Hunter Douglas Holdings BV, and other subsidiaries (including Hunter Douglas NV). The Company is managed as part of the Zonwering reporting group and budgets and forecasts are prepared at that level. The UK group's forecasts and budgets identify that the UK group is expected to meet its liabilities as they fall due until 31 December 2024. A key assumption in the UK group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to the Company.

Zonwering Holdings Limited has obtained a letter of support from Hunter Douglas Holding BV which confirms that the Group, if required, will provide financial support until 31 December 2024, and Zonwering Holdings Limited has in turn provided a letter of support to Hunter Douglas UK Retail Limited.

The directors of the Company have considered information regarding the Group's ability to provide support to the Company, and are satisfied that the Group has sufficient cash reserves to support the company if required. The directors of the Company have made enquiries of the directors of Hunter Douglas Holding BV to confirm that it has the ability to provide financial support, noting the financial position of the Company as described above.

The directors of the Company have concluded that, if required, the Group will be able to provide financial support to the Company, for the period until 31 December 2024. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

Future Prospects

Whilst the wider group has seen volumes decline since the summer of 2022 (as consumers have increasingly been challenged by inflationary squeezes on the household budget) the Board have been pleased with how well the Company has closed the 2022 financial year. The Board are aware that the dynamics noted will likely create a tougher trading environment in 2023 but are confident that a continued evolution of the marketing media mix (in line with changing consumer shopping habits) coupled with a focus on offering a high quality service proposition will ensure that the Company remains well placed to gain market share within the window coverings industry.

Environmental policy

The Company is committed to adopting a responsible approach to environmental matters. We continue to embrace moves to improve overall efficiency within all operational activities, seeing the reduction of waste as both a financial and environmental opportunity. Investment has been made across various sites including the installation of solar panels at the Group HQ, supporting a move towards EV vehicles by migrating sales fleet vehicles to EVs and providing charging stations at work to support staff and visitors who also want to make the transition.

The Company has retained a hybrid working model which allows an ongoing proportion of home working. Staff appear to value the flexibility offered by this approach and the directors believe that there will be environmental and mental well-being benefits associated with this more flexible approach.

As a board the directors see strong alignment between environmental improvements and business efficiency and will continue to strive towards improving both.

Strategic report (continued)

Streamlined Energy and Carbon Report

Hunter Douglas UK Retail Ltd are a 'large unquoted company' under the Streamlined Energy and Carbon Reporting regulations so must report annually on greenhouse gas emissions from Scope 1 and 2 Electricity, Gas and Transport.

Methodology

The reporting period is the most recent financial year 01/01/2022 to 31/12/2022. This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.

The carbon figures have been calculated using the BEIS 2022 carbon conversion factors for all fuels, other than the market based electricity which has been taken from Yorkshire Gas & Power, Npower, British Gas Lite and Pozitive as the UK supplier.

Energy Efficiency Actions taken

- Refurbishment of Units 1&2 Churchill Park and Units 3&4 Churchill Park. Removal of previous gas heating and replacement with electric HVAC systems.
- Colwick Quays Darwin Head Office - Switching off gas heating system used in certain rooms to ensure only reliance on HVAC system previously installed in 2021.
- Installation of solar panels on roof of Colwick Quays Darwin Head Office (Dec 2022)
- Energy Management Policy launch, including list of energy efficiency principles for employees to adhere to
- Energy efficiency communications campaign – articles on intranet, TV screen slides across all areas of the business, Energy Savings Week articles
- Conducted review of all thermostats and air conditioning controls – locking controls onto automatic, setting temperature range restrictions as appropriate, setting automatic turning off outside of office hours
- Installation of fast roller door on Colwick 80 warehouse entrance
- Established 'keep shut' Roller Door Policy across operations
- Switched from hot to cold water at entry to manufacturing/logistics washing stations in Washington Bentall and Unit 10
- Replaced 25 year old inefficient band D efficiency gas boiler in Unit 10 Bentall Washington to a new 90%+ model.
- Continued scoping and installing of motion sensors across office and communal spaces
- Continued scoping and installing of LEDs across sites – aiming for near 100% LED coverage

Strategic report (continued)

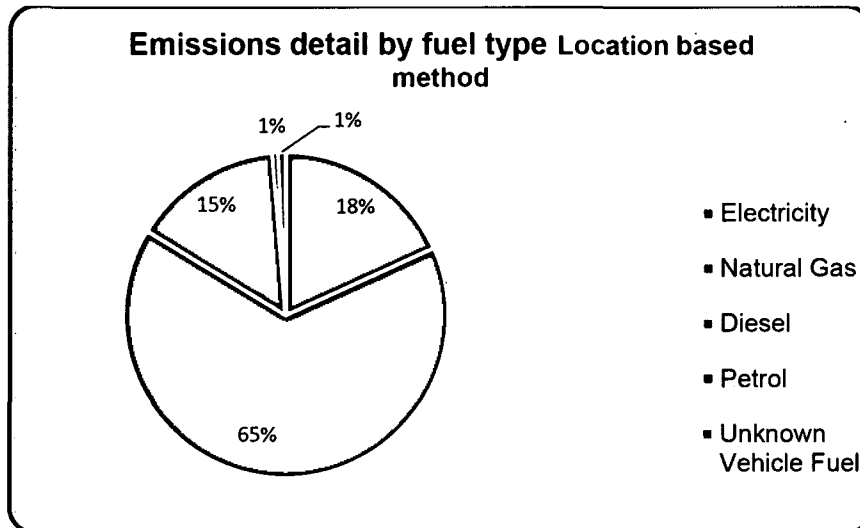
Streamlined Energy and Carbon Report (continued)

UK Carbon Footprint Data

Scope	Description	Emissions Source		2020	2021	2022
Scope 1	Combustion of fuel on site and transportation	On site: Natural Gas, Diesel, Petrol, Hybrid	Location based	1,436	2,262	2,002
			Market Based	1,436	2,262	2,002
Scope 2	Purchased energy	Electricity	Location based	673	567	418
			Market Based	608	545	476
Scope 3	Indirect Emissions	Unknown Vehicle Fuel	Location based	28	53	19
			Market Based	28	53	19
Total			Location based	2,137	2,882	2,439
			Market based	2,072	2,860	2,497
Intensity Ratio	tCO2e / m2 floor area		Location based	0.037	0.051	0.044
			Market based	0.036	0.051	0.045
Energy Usage	Total kWh consumed	Electricity, Natural Gas, Petrol, Diesel, Hybrid, Unknown vehicle fuel		10,668,015	14,777,861	12,617,256

Strategic report (continued)

Streamlined Energy and Carbon Report (continued)



Assumptions and Estimations

Of the total emissions compiled for this report, 0.68% were emissions estimated using either pro rata extrapolation or benchmarking.

Year on Year Emissions Changes

- Hunter Douglas UK Retail Limited's Location based emissions reduced from 2882 tCO₂e in 2021 to 2139 tCO₂e in 2022, this is an emissions decrease of 26%
- Scope 1 emissions decreased from 2,262 tCO₂e in 2021 to 2,002 tCO₂e in 2022, this is an emissions decrease of 11.5%. This is due to an decrease in natural gas consumption. Natural gas consumption decreased from 10,355,240 kWh in 2021 to 8,757,985 kWh, resulting in an emissions decrease of 260 tCO₂e.
- The emissions associated with scope 1 transport (petrol & diesel) increased from 365 tCO₂e in 2021 to 403 tCO₂e in 2022, an emissions increase of 10.4%. Scope 3 transport emissions (private vehicle mileage claims), however, decreased from 53 tCO₂e in 2021 to 19 tCO₂e in 2022 - a 64% decrease. As a result, the total reported transport emissions across scopes 1 & 3 increased by only 3% over the previous year.
- Scope 2 electricity consumption decreased from 2,669,351 kWh in 2021 to 2,163,018 in 2022, a 19% reduction in consumption. Scope 2 location based emissions decreased from 567 tCO₂e in 2021 to 418 tCO₂e as a result. Market based emissions associated with the consumption of electricity decreased by 12.7%.
- Hunter Douglas UK Retail Ltd report their intensity ratio on a floor area (m²) basis. Emissions per m² floor area decreased from 0.051 tCO₂e/m² floor area in 2021 to 0.044 tCO₂e/m² floor area in 2022

By order of the Board:

DocuSigned by:

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Andy Thomas
Director

Dated: 08 December 2023

Directors' report

The directors present their report and financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £30,334,000 (31 Dec 2021: £32,313,000). Ordinary dividends of £8,100,000 (31 Dec 2021: £nil) were paid during the year.

Principal activities

The principal activity of the Company continued to be the manufacturing and retailing of venetian, roller, roman, pleated and vertical house blinds, curtains, awnings and shutters for the domestic and contract markets. The directors expect that the present level of activity will be sustained for the foreseeable future.

Directors

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

JM Risman
DMA Lewis
AR Thomas
C Edwards
S White

Disclosure of information to auditors

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

Directors' liabilities

Directors' and officers' liability insurance has been renewed by the Company during the year.

Auditors

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

Employees

The Company values the contribution of all of its staff. The Board sees their continued involvement in the development and delivery of the Company's products and services as of critical importance to the future success of the Company and accordingly works hard to keep all staff informed of the progress and development of the business. The Company seeks to ensure that all employees and job applicants are afforded equal opportunity in all areas of employment.

The directors have supported a number of structures, initiatives and commitments designed to engage the group's employees to ensure their interests are both understood and considered in their decision making. These include:

- Supporting local and national colleague forums. There are 4 local forums representing each area of the business. During these forums the team discusses problems, exchanges views and ideas and considers improvements and they are also the first point of contact when the business is proposing changes which affects colleagues. The national forum includes reps from each of the local forums and comes together to discuss wider issues which affect the whole Company;
- Weekly newsletter;
- Ensuring that the Company intranet site which holds key company information is up to date and accessible 24/7;
- Regular blogs from the Chief Executive; and
- Supporting several health, wellbeing and charitable initiatives.

Directors' report *(continued)*

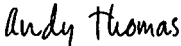
Political and charitable contributions

Charitable contributions totalling £nil were made during the year (31 Dec 2021: £10,000). No political contributions were made during the year (31 Dec 2021: £nil).

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on page 4

By order of the board

DocuSigned by:

SCARD2668BE24C4...
Andy Thomas
Director

Dated: 08 December 2023

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Hunter Douglas UK Retail Limited

Opinion

We have audited the financial statements of Hunter Douglas UK Retail Limited for the year ended 31 December 2022 which comprise Profit and Loss Account and other comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 23, 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" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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.

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 to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

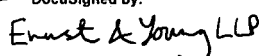
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the regions in which the company operates. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how Hunter Douglas UK Retail Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was susceptibility to fraud. We understood the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, in respect of management override, including as related to recognition of revenue and the processing of manual adjustments, we performed audit procedures to address the identified fraud risk. These procedures included testing manual journals to revenue and those journals for the purpose of large or unusual transactions. We have considered the nature of these transactions and for those that we did not consider to be in the normal course of the business and are not of a trivial value we obtained evidence to support the validity of the transactions. Our procedures were designed to provide reasonable assurance that the company financial statements were free from material misstatement.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals indicating large unusual transactions based on our understanding of the business and enquiries of management

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

Use of our report

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

DocuSigned by:

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Jos Burkill (Senior statutory auditor)
 for and on behalf of Ernst & Young LLP, Statutory Auditor
 Bristol

Date 08 December 2023

Profit and loss account and other comprehensive income
for the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Turnover	3	227,457	209,158
Cost of sales		(79,121)	(72,749)
Gross Profit		148,336	136,409
Distribution costs		(94,623)	(86,932)
Administrative expenses		(18,039)	(15,644)
Other operating income	4	2	420
Operating Profit		35,676	34,253
Other interest receivable and similar income	8	448	11
Interest payable and similar charges	9	-	(47)
Income from group companies		-	4,481
Profit before taxation		36,124	38,698
Tax on profit	10	(5,790)	(6,385)
Profit for the year and total comprehensive income		30,334	32,313

All amounts relate to continuing activities


There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

Balance sheet
at 31 December 2022

	Note	2022 £000	2021 £000	2021 £000
Fixed assets				
Intangible assets	11	780		1,396
Tangible assets	12	6,541		5,942
Investments	13	-		-
		<u>7,321</u>		<u>7,338</u>
Current assets				
Stocks	14	29,955		31,643
Debtors (including £503,000 (31 Dec 2021: £804,000) due after more than one year)	15	231,159		207,056
Cash at bank and in hand		358		223
		<u>261,472</u>		<u>238,922</u>
Creditors: amounts falling due within one year	16	<u>(60,254)</u>		<u>(59,955)</u>
Net current assets		<u>201,218</u>		<u>178,967</u>
Net assets		<u>208,539</u>		<u>186,305</u>
Capital and reserves				
Called up share capital	19	10,543		10,543
Share premium account	19	588		588
Capital redemption reserve	19	11		11
Capital contribution	19	1,447		1,447
Other reserves	19	(10,345)		(10,345)
Profit and loss account		206,295		184,061
Shareholders' funds		<u>208,539</u>		<u>186,305</u>

These financial statements were approved by the board of directors on behalf by:

08 December 2023 and were signed on its

DocuSigned by:

6CABD3866BE24C4...
Andy Thomas
Director

Company registered number: 01196432

Statement of changes in equity
at 31 December 2022

	Called up share capital	Share premium account	Capital redemption reserve	Capital contri- bution	Profit and loss account	Other reserves	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2021	10,543	588	11	1,447	151,748	-	164,337
Total comprehensive income for the year							
Profit for the year	-	-	-	-	32,313	-	32,313
Total comprehensive income for the year	-	-	-	-	32,313	-	32,313
Group restructure							
Group restructure (note 13)	-	-	-	-	-	(10,345)	(10,345)
Total comprehensive expense for the year	-	-	-	-	-	(10,345)	(10,345)
Balance at 31 December 2021	10,543	588	11	1,447	184,061	(10,345)	186,305

	Called up share capital	Share premium account	Capital redemption reserve	Capital contri- bution	Profit and loss account	Other reserves	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2022	10,543	588	11	1,447	184,061	(10,345)	186,305
Total comprehensive income for the year							
Profit for the year	-	-	-	-	30,334	-	30,334
Total comprehensive income for the year	10,543	588	11	1,447	214,395	(10,345)	216,639
Transactions with owners recorded directly in equity							
Dividends paid	-	-	-	-	(8,100)	-	(8,100)
Total comprehensive expense for the year	-	-	-	-	(8,100)	-	(8,100)
Balance at 31 December 2022	10,543	588	11	1,447	206,295	(10,345)	208,539

Notes

(forming part of the financial statements)

1 Accounting policies

Hunter Douglas UK Retail Limited (the “Company”) is a private Company limited by shares and incorporated and domiciled in the UK. The registered number is 01196432 and the registered address is Unit 2, Churchill Park, Private Road No. 2, Colwick, Nottingham, NG4 2JR.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company is included in the consolidated financial statements of Hunter Douglas Group Limited, the ultimate UK parent company. Copies of the group financial statements, which include this Company, are available from its registered office: The Darwin Building 2 Colwick Quays Business Park, Private Road No. 2, Nottingham, United Kingdom, NG4 2JY. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Hunter Douglas Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.2. Going concern

The Company's Balance Sheet shows net assets of £208,539,000 and at year end reported net current assets of £201,218,000. The Company participates in the groups centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, Hunter Douglas Holdings BV, and other subsidiaries (including Hunter Douglas NV). The Company is managed as part of the Zonwering reporting group and budgets and forecasts are prepared at that level. The UK group's forecasts and budgets identify that the UK group is expected to meet its liabilities as they fall due until 31 December 2024. A key assumption in the UK group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to the Company.

Zonwering Holdings Limited has obtained a letter of support from Hunter Douglas Holding BV which confirms that the Group, if required, will provide financial support until 31 December 2024, and Zonwering Holdings Limited has in turn provided a letter of support to Hunter Douglas UK Retail Limited.

The directors of the Company have considered information regarding the Group's ability to provide support to the Company, and are satisfied that the Group has sufficient cash reserves to support the company if required. The directors of the Company have made enquiries of the directors of Hunter Douglas Holding BV to confirm that it has the ability to provide financial support, noting the financial position of the Company as described above.

The directors of the Company have concluded that, if required, the Group will be able to provide financial support to the Company, for the period until 31 December 2024. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

1.3. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

Notes (continued)

1 Accounting policies (continued)

1.4. Classification of financial instruments issued by the Company (continued)

- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

1.6. Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.13 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Notes (continued)

1 Accounting policies (continued)

1.7. Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold property	- 2% per annum
Leasehold improvements	- 20% per annum
Plant and machinery	- 20% to 50% per annum
Fixtures and fittings	- 10% to 33⅓% per annum
Motor vehicles	- 33⅓% per annum

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.8. Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	- 20% per annum
Patents and trademarks	- 10% per annum
Capitalised development costs	- 20% per annum

The basis for choosing these useful lives is the time that the patent or asset under development is expected to provide useful economic benefit.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 of FRS102, Impairment of assets, when there is an indication that an intangible asset may be impaired.

Notes (continued)

1 Accounting policies (continued)

1.9. Government grants

Government grants, including furlough claims under the Job retention Scheme, are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.10. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.11. Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

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

Notes (continued)

1 Accounting policies (continued)

1.12. Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13. Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds.

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

1.14. Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Notes (continued)

1 Accounting policies (continued)

1.15. Revenue recognition

Revenue is recognised at the point goods are fitted by third party fitting agents as, in the opinion of the directors, this represents the point where substantially all of the risks and rewards of the goods are surrendered by the Company and contractual obligations have been met.

Revenues are reduced by an allowance for returns and credit notes based on historical experience.

2 Judgment in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be appropriate under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Deferred revenue

The Company's accounting system recognises sales revenue when the products are dispatched from the warehouse to the fitter, and an adjustment is then made to account for time lag between the date of dispatch and the date that the goods are fitted in the customer's home. The average time taken to fit the products, and the corresponding adjustment required, is based on trends experienced leading up to the year end and is reassessed annually.

Stock provision

The Company provides against slow moving and obsolete stock using specific provisions. The provisions are based on stock turns and are applied to the total stock value, less any stock with specific provisions in place.

Bad debt provision

Trade receivables are carried at amortised cost less impairment. The impairment is based on percentages applied to aged trade receivables based on historic evidence and group reporting guidelines.

3 Turnover

Turnover, which excludes value-added tax, arises solely within the UK and Eire and represents the invoiced value of goods and services supplied in the normal course of business.

Analysis of turnover by geographical area:

	2022 £000	2021 £000
Within Great Britain	217,850	201,968
Rest of Europe	9,607	7,190
	<u>227,457</u>	<u>209,158</u>

Notes (continued)

4 Other operating income

	2022 £000	2021 £000
Job retention scheme income	-	418
Government grants	2	2
	<u>2</u>	<u>420</u>

The company did not have any unfulfilled conditions or other contingencies relating to the job retention scheme grant.

5 Expenses and auditor's remuneration

Included in profit are the following:

	2022 £000	2021 £000
Depreciation of owned fixed assets	2,238	2,389
Amortisation of intangible assets	673	793
Impairment of stock	597	698
(Gain)/loss on disposal of fixed assets	(25)	21
Operating lease rentals – other	2,857	2,670
– plant and machinery	205	56
Decrease/(increase) in value of foreign exchange derivative instrument	955	(1,158)
	<u>955</u>	<u>(1,158)</u>

Auditor's remuneration:

	2022 £000	2021 £000
Audit of these financial statements	102	70
	<u>102</u>	<u>70</u>

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2022 No	2021 No
Production staff	976	1,105
Administrative staff	143	129
Sales staff	408	424
	<u>1,527</u>	<u>1,658</u>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	39,227	38,456
Social security costs	3,438	3,138
Contributions to defined contribution plans (see note 18)	1,214	1,149
	<u>43,879</u>	<u>42,743</u>

7 Directors' remunerations

	2022 £000	2021 £000
Directors' remuneration	6,373	6,001
Company contributions to money purchase pension plans	76	73
	<u>6,449</u>	<u>6,074</u>

The above figure represents total emoluments received by the directors for all services to Hunter Douglas UK Retail Limited, Arena Blinds Limited and Customwest Limited. The directors do not consider that it is practical to apportion the remuneration between their services as directors of the three companies.

Included within the above figures are amounts payable to the directors of Hunter Douglas UK Retail Limited by Hunter Douglas (UK) Limited, another company in the Hunter Douglas group.

The amounts in respect of the highest paid director are as follows:

	2022 £000	2021 £000
Emoluments	2,438	2,150
Contributions to money purchase pension plan	-	-
	<u>-</u>	<u>-</u>

The number of directors accruing benefits under money purchase pension schemes:

	2022 No	2021 No
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	4
	<u>3</u>	<u>4</u>

Notes (continued)

8 Other interest receivable and similar income

	2022 £000	2021 £000
Bank interest receivable	3	-
Interest receivable from group undertakings	428	-
Other interest receivable	17	11
	<u>448</u>	<u>11</u>

9 Interest payable and similar charges

	2022 £000	2021 £000
Bank interest payable	-	8
Interest payable to group undertakings	-	39
	<u>-</u>	<u>47</u>

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2022 £000	2021 £000
<i>Current tax</i>		
Current tax on income for the year	5,640	6,041
Adjustments in respect of prior periods	(160)	(73)
Foreign taxation	134	143
	<u>5,614</u>	<u>6,111</u>
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	187	430
Effect of rate change on opening balance	-	(251)
Adjustments in respect of prior periods	(11)	95
	<u>176</u>	<u>274</u>
	<u>5,790</u>	<u>6,385</u>

The total tax charge for 2022 and 2021 was recognised in the profit and loss. . The tax assessed for the period is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below

Notes (continued)

10 Taxation (continued)

Reconciliation of effective tax rate:

	2022 £000	2021 £000
Profit for the year	30,334	32,313
Total tax charge	5,790	6,385
	<hr/>	<hr/>
Profit excluding taxation	36,124	38,698
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2021: 19%)	6,864	7,353
Fixed asset differences	68	22
Expenses not deductible for tax purposes	67	111
Income not taxable for tax purposes	-	(851)
Group relief claimed	(1,001)	
Irish tax due on branch profits	134	134
Adjustments in respect of prior periods	(171)	29
Tax rate changes	34	(197)
Foreign PE exemption	(204)	(204)
Deferred tax transfer	-	208
Other	-	(220)
	<hr/>	<hr/>
Total tax charge included in profit or loss	5,790	6,385
	<hr/>	<hr/>

Factors that may affect future tax charges

The 3 March 2022 Budget announced a proposed increase to the main rate of corporation tax to 25% from 1 April 2023. As this was substantively enacted on 24 May 2022, before the Balance sheet date, the 25% rate is applicable in the measurement of deferred tax assets and liabilities at 31 May 2022. Deferred tax has been provided at 25% being the rate at which temporary differences are expected to reverse.

Notes (continued)

11 Intangible assets

	Software and IT cost £000	Patents and trademarks £000	Assets under construction £000	Total £000
Cost				
Balance at 1 January 2022	13,639	2	17	13,658
Additions	55	-	2	57
Transfers	17	-	(17)	-
Disposals	(69)	-	-	(69)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	13,642	2	2	13,646
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation and impairment				
Balance at 1 January 2022	12,261	1	-	12,262
Amortisation for the year	673	-	-	673
Disposals	(69)	-	-	(69)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	12,865	1	-	12,866
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 1 January 2022	1,378	1	17	1,396
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	777	1	2	780
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Tangible fixed assets

	Freehold property £000	Leasehold property £000	Plant and machinery £000	Fixtures and Fittings £000	Motor vehicles £000	Assets in the course of construction £000	Total £000
Cost							
Balance at 1 January 2022	1,184	4,449	22,282	5,165	16	32	33,128
Additions	992	126	664	351	-	723	2,856
Transfers	-	-	27	-	-	(27)	-
Disposals	(25)	(171)	(4,566)	(488)	-	(4)	(5,254)
Balance at 31 December 2022	2,151	4,404	18,407	5,028	16	724	30,730
Depreciation and impairment							
Balance at 1 January 2022	420	2,982	19,863	3,905	16	-	27,186
Depreciation charge for the year	140	476	1,123	499	-	-	2,238
Disposals	(25)	(167)	(4,561)	(482)	-	-	(5,235)
Balance at 31 December 2022	535	3,291	16,425	3,922	16	-	24,189
Net book value							
At 1 January 2022	764	1,467	2,419	1,260	-	32	5,942
At 31 December 2022	1,616	1,113	1,982	1,106	-	724	6,541

The value of freehold land not being depreciated is £256,665+ (31 Dec 2021: £256,665).

Tangible fixed assets under construction

Assets under construction and amounts spent fall into the following areas:

	£000
Plant & machinery	688
Leasehold property	34
Software and IT cost	2
	724

Notes (continued)

13 Investments in subsidiary undertakings

	Total £000
Cost	
Balance at 31 December 2021 and 2022	-

The Company holds 100% of the issued Ordinary share capital of Hillarys Blinds Limited and Thomas Sanderson Limited, which are dormant companies incorporated in England and Wales. The registered office of these companies is Unit 2, Churchill Park, Private Road No. 2, Colwick, Nottingham, NG4 2JR.

14 Stocks

	2022 £000	2021 £000
Raw materials and consumables	27,732	29,313
Work in progress	317	296
Finished goods	1,906	2,034
	<u>29,955</u>	<u>31,643</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £55,885,000 (31 Dec 2021: £48,683,000). The write-down of stocks to net realisable value amounted to £nil (31 Dec 2021: £nil). Impairment losses of £597,000 (31 Dec 2021: £698,000) have been recognised in the year in the profit and loss account.

Notes (continued)

15 Debtors

	2022 £000	2021 £000
Trade debtors	3,646	7,239
Amounts owed by group undertakings	222,000	192,919
Other debtors	1,872	1,332
Prepayments and accrued income	2,371	2,241
Corporation tax	643	2,288
Derivative held at fair value	-	233
Deferred tax asset (see note 17)	627	804
	<u>231,159</u>	<u>207,056</u>

Debtors due after more than one year amount to £503,000 (31 Dec 2021: £804,000). This relates to the deferred tax asset.

Amounts owed by group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

16 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	11,425	11,237
Amounts owed to group undertakings	11,271	7,098
Derivative held at fair value	722	-
Deposits received	18,359	19,684
Other creditors	880	1,175
Taxation and social security	1,659	4,638
Accruals	10,182	9,505
Deferred income	5,756	6,618
	<u>60,254</u>	<u>59,955</u>

Amounts owed by group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Accelerated capital allowances	(600)	(764)	-	-	(600)	(764)
Other	(27)	(40)	-	-	(27)	(40)
	<u>(627)</u>	<u>(804)</u>	<u>-</u>	<u>-</u>	<u>(627)</u>	<u>(804)</u>

Notes (continued)

18 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1,214,000 (31 Dec 2021: £1,149,000).

Pension payments of £112,000 (31 Dec 2021: £103,000) were unpaid and so recorded as a creditor at 31 December 2022.

19 Capital and reserves

Share capital

	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>		
105,425,365 ordinary shares of £0.10 each	10,543	10,543

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

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption

The capital redemption reserve represents the paid up share capital on redeemed 10p shares

Capital contribution

The capital contribution reserve arose on the granting of share options in Bellotto Holdings Limited to employees of Hunter Douglas UK Retail Limited, the cost of which was paid for by Hunter Douglas UK Retail Limited.

Other reserves

This reserve arose on the 2022 Group restructure, and represents Goodwill on the Thomas Sanderson business which has written off after the trade and assets were hived up into Hunter Douglas UK Retail Ltd in 2022.

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022	2021	2022	2021
	Property £000	Other £000	Property £000	Other £000
Less than one year	2,064	437	2,118	246
Between one and five years	5,429	867	4,941	391
More than five years	9,986	173	8,798	12
	<u>17,479</u>	<u>1,477</u>	<u>15,857</u>	<u>649</u>

Notes (continued)

21 Commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £67,100 (31 Dec 2022: £611,780).

22 Related parties

The Company has taken advantage of paragraph 33.1A of FRS102 to not disclose transactions between wholly owned entities.

During the year the Company entered into transactions, in the ordinary course of business, with the following companies in the Hunter Douglas Group. Purchases during the period, and creditor balances at the end of the year are as below:

	Sales in 2022	Purchases in 2022	Balance at 31 Dec 22	Sales in 2021	Purchases in 2021	Balance at 31 Dec 21
	£'000	£'000	£'000	£'000	£'000	£'000
Asco BV	-	5	(1)	-	8	2
Benthin GmbH	-	7	-	-	61	(2)
Blaze Woven Blinds Manufacturing	-	5,115	(469)	-	4,110	(322)
Hunter Douglas Assembly Automation AB	-	22	(1)	-	34	-
Hunter Douglas Europe BV	-	2,484	(75)	-	3,815	-
Hunter Douglas Limited	-	-	-	(52)	-	-
Hunter Douglas UK Limited	-	1,584	326	-	2,391	(2,255)
Hunter Douglas Window Fashions Inc.	-	253	(10)	-	510	-
Hunter Douglas Industries Switzerland GmbH	-	1	-	-	1	-
Karl H Blocker GMBH & Co	-	154	-	-	133	20
TLC Shutters SRL	(78)	2,201	(469)	(67)	452	(13)
Turnils North America LLC	-	780	(246)	-	2,076	543
Turnils (UK) Limited	-	3,763	(170)	-	2,774	(543)
Victory Curtains & Blinds No 2 Pty Ltd	(47)	-	9	-	-	-

At the year end the Company had a debtor balance outstanding with Hunter Douglas NV of £4,861,000 (2021: £1,294,000).

23 Ultimate parent Company and parent Company of larger group

The immediate parent undertaking is Zonwering Holdings Limited, a Company incorporated in England and Wales.

The ultimate parent undertaking and controlling party at the year end was 3G Capital Partners Ltd. The smallest and largest Company in which the results of the Company for the year are consolidated is Hunter Douglas Group Limited, a Company incorporated in the UK. Copies of the group financial statements, which include this Company, are available from its registered office: The Darwin Building 2 Colwick Quays Business Park, Private Road No. 2, Nottingham, United Kingdom, NG4 2JY.