

BATHROOM DISTRIBUTION GROUP UK LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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BATHROOM DISTRIBUTION GROUP UK LIMITED

COMPANY INFORMATION

Directors	N Jefferson G Jones M Sockett (appointed 31 December 2021) A Wagstaff (appointed 31 December 2021) C Bithell (appointed 31 December 2021) G Slark (resigned 31 December 2021) C Rinn (resigned 31 December 2021)
Registered number	01367550
Registered office	Head Office Industrial Estate Llangefni Anglesey Wales LL77 7JA
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

BATHROOM DISTRIBUTION GROUP UK LIMITED

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BATHROOM DISTRIBUTION GROUP UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Business review

The directors are pleased to report a continued growth in the business. Improved trading conditions experienced during the year have led to an increase in profit for the financial year. The company monitors its performance by reference to turnover, which has increased from £13,032,000 to £14,068,000, with gross profit increasing from £3,222,000 to £4,040,000. The company also reviews its profit before taxation and its net assets which are £34,000 and £1,413,000 respectively (2020: £(525,000) and £1,379,000 respectively).

The gross profit margin has increased to 28.7% (2020: 24.7%).

Sale of company

On 16th April 2021, Grafton Group Plc, the previous ultimate parent company, announced that it was undertaking a strategic review of some of its traditional merchanting businesses in Great Britain. As a result of this strategic review Grafton Group Plc announced on 1st July 2021, that it had entered into an agreement to divest its Traditional Merchanting Business in Great Britain, of which the company is part, to Patagonia Bidco Limited, that is controlled by equity funds managed by Blackstone. At the time, Patagonia Bidco Limited notified the transaction to the Competition and Markets Authority ("CMA"). The divestment completed on 31st December 2021 with company now being owned by its immediate parent undertaking, Patagonia Bidco Limited.

Health and safety

There were no major incidents to report in the year to 31 December 2021.

Principal risks

Trading in the industry is influenced by the macro economic environment in the UK. The level of activity in the residential and non-residential construction markets, and specifically in the residential repair, maintenance, and improvement markets influence demand. These markets are sensitive to economic conditions including economic growth, interest rate movements, inflation and unemployment and demographic trends, all of which have been impacted during the year.

The company continues to plan to mitigate inherent business risks arising from normal trading conditions and the current economic climate including matters of health, safety and environment. Business risks are assessed continually with the directors evaluating the likelihood and potential impact of those risks to ensure the appropriate mitigating actions are taken.

BATHROOM DISTRIBUTION GROUP UK LIMITED**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****Financial key performance indicators**

The directors believe that the following indicators will provide stakeholders with sufficient information to assess how effectively the company is performing.

	2021	2020
	£000	£000
Turnover	14,068	13,032
Operating profit/(loss)	94	(458)
Operating margin	0.67%	(3.5)%
Current ratio	1.09	1.07
EBITDA reconciliation	2021	2020
	£000	£000
Profit/(loss) after tax	34	(521)
Taxation	-	4
Interest payable	61	68
Depreciation	185	198
Depreciation of right-of-use assets	279	249
Adjusted EBITDA	559	(2)

Section 172 (1) statement

The directors have acted in the way they consider, in good faith, promotes the success of the company for the benefit of its members as a whole, and in doing so have given regard to (amongst other matters):

Business relationships

The need to build strong long standing relationships with both our clients and suppliers is paramount to the success of the company and its longevity.

Our people

The company provides employees with the information on matters of concern to them, consulting them regularly so that their views can be taken into account when making decisions that are likely to affect their interests. The company encourages the involvement of employees by means of regular employee meetings and engagement in the decision-making process for items that impact directly upon the employees.

Disabled employees

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance.

BATHROOM DISTRIBUTION GROUP UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Community, charity and environment

The company supports the community and charity on an ongoing basis. The company recognises the importance of supplying renewable and sustainable products and consciously makes an effort to source ethically. LED lighting has been installed to promote energy saving and vehicles are preferably sourced with low CO2 emission. Waste is recycled where possible and we endeavour to reduce landfill.


Culture and values

The company endeavours to maintain the highest levels of confidentiality and good business ethics at all times, by employing fair and honest methodologies and ensuring that our staff are aware of and comply with all relevant legislation and internal policies.

Shareholders

The management is committed and openly engage with our shareholders through regular and effective dialogue.

The report was approved by the board and signed on its behalf by:

DocuSigned by:

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N Jefferson
Director

Date: 25 May 2022

BATHROOM DISTRIBUTION GROUP UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Strategic report

The review of the business, future developments and the principal risks and uncertainties are not shown in the directors' report as they are shown in the strategic report in accordance with S414C(11) of the Companies Act 2006.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 to 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.

Principal activity

The principal activity of the company during the year under review was that of distributors of bathroom equipment.

Results and dividends

The profit for the year, after taxation, amounted to £34,000 (2020: loss £521,000).

The directors do not propose the payment of a final dividend (2020: £Nil).

Directors

The directors who served during the year and to the date of approval of these financial statements are shown on the company information page.

Directors' indemnities

The company maintained indemnity liability insurance for its directors and officers throughout the financial year, which is still in force at the date of approving the Directors' report and which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

BATHROOM DISTRIBUTION GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk:

Price risk

The company's business may be affected by fluctuations in prices. The company employs policies and practices to mitigate these risks where possible.

Credit risk

Credit risk applies to financial instruments such as trade debtors. Policies and procedures exist to ensure the management of trade receivables minimises as far as is reasonably practicable the company's exposure to credit risk. These policies include the requirement to complete appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed periodically by the management of the company.

Liquidity risk

The company adopts a prudent approach to liquidity management, and to mitigate against cash flow and liquidity risk continuously monitors forecasted and actual cash flows and maintains sufficient cash reserves to meet its obligations.

Cash flow risk

The company's policy is to ensure that it always has sufficient cash to allow it to meet its liabilities when they become due. This risk is mitigated through budgeting and forecasting and regular review of cash requirements.


Market Risk

The market is very competitive and the business competes with a multitude of distributors across the UK on range, quality, service and price. Importing costs have materially increased including shipping surcharges which is leaking into the market and driving price inflation ultimately passed onto the end user. Failure to compete effectively in any given area could have a material impact on financial performance and the directors actively work towards de-risking this impact by differentiating itself from the competition primarily through the quality of its service and customer care.

BATHROOM DISTRIBUTION GROUP UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board and signed on its behalf.

DocuSigned by:

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N Jefferson
Director

Date: 25 May 2022

BATHROOM DISTRIBUTION GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATHROOM DISTRIBUTION GROUP UK LIMITED

Opinion

We have audited the financial statements of Bathroom Distribution Group UK Limited (the 'company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (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; 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 United Kingdom, including the Financial Reporting Council'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.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

BATHROOM DISTRIBUTION GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATHROOM DISTRIBUTION GROUP UK LIMITED (CONTINUED)

Opinion 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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.

BATHROOM DISTRIBUTION GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATHROOM DISTRIBUTION GROUP UK LIMITED (CONTINUED)

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:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge of providing building supplies to the construction industry.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by: making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias, in particular the director's assessment of recoverability of trade & other debtors and the discount rate applied in IFRS16 Leases;
- reviewed management's basis for provisions including doubtful debt;
- investigated the rationale behind significant or unusual transactions, and;
- reviewed nominals of certain nominal codes for indication of any management override.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

BATHROOM DISTRIBUTION GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATHROOM DISTRIBUTION GROUP UK LIMITED (CONTINUED)

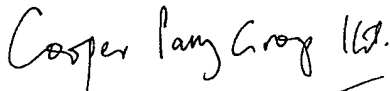
Auditor's responsibilities for the audit of the financial statements (continued)

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.



Melanie Hopwell (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA
Date: 25 May 2022

BATHROOM DISTRIBUTION GROUP UK LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	3	14,068	13,032
Cost of sales		(10,028)	(9,810)
Gross profit		<u>4,040</u>	<u>3,222</u>
Administrative expenses		(3,946)	(4,042)
Other operating income	4	-	362
Operating profit/(loss)	5	<u>94</u>	<u>(458)</u>
Interest receivable and similar income		1	1
Interest payable and expenses	8	(61)	(68)
Profit/(loss) before tax		<u>34</u>	<u>(525)</u>
Tax on profit/(loss)	9	-	4
Profit/(loss) for the financial year		<u><u>34</u></u>	<u><u>(521)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

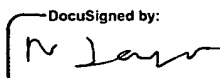
The notes on pages 14 to 26 form part of these financial statements.

BATHROOM DISTRIBUTION GROUP UK LIMITED
REGISTERED NUMBER: 01367550

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Right-of-use assets	10		1,507		1,672
Tangible assets	11		705		819
			<u>2,212</u>		<u>2,491</u>
Current assets					
Stocks	12	3,150		2,567	
Debtors: amounts falling due within one year	13	3,003		2,706	
Cash at bank and in hand		398		1,457	
		<u>6,551</u>		<u>6,730</u>	
Creditors: amounts falling due within one year	14	<u>(1,677)</u>		<u>(6,303)</u>	
Net current assets			<u>4,874</u>		<u>427</u>
Total assets less current liabilities			<u>7,086</u>		<u>2,918</u>
Creditors: amounts falling due after more than one year	15		<u>(5,673)</u>		<u>(1,539)</u>
Net assets			<u><u>1,413</u></u>		<u><u>1,379</u></u>
Capital and reserves					
Called up share capital	18,21		10		10
Capital contribution reserves	21		3		3
Profit and loss account	21		1,400		1,366
Shareholders' funds			<u><u>1,413</u></u>		<u><u>1,379</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

 CF3AAC857D04417...
N Jefferson
 Director
 25 May 2022

The notes on pages 14 to 26 form part of these financial statements.

BATHROOM DISTRIBUTION GROUP UK LIMITED
REGISTERED NUMBER: 01367550

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 January 2020	10	3	1,887	1,900
Loss for the year	-	-	(521)	(521)
At 1 January 2021	10	3	1,366	1,379
Profit for the year	-	-	34	34
At 31 December 2021	10	3	1,400	1,413

BATHROOM DISTRIBUTION GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

Bathroom Distribution Group UK Limited (the "company") is a private company limited by shares, incorporated and domiciled in the United Kingdom under Companies Act 2006. The address of the registered office and principal place of business is given on the contents page and the nature of the company's operations is a distributor of bathroom equipment.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The accounts have been prepared in the group's functional currency, pounds sterling; all figures have been rounded to the nearest thousand.

The following principal accounting policies have been applied consistently:

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Adoption of new and revised Standards

No new standards have been adopted in the year which have a material impact on the entity.

1.4 Going concern

At the balance sheet date, the company had a strong cash balance and net current asset position. At the time of signing these financial statements, the directors have prepared forecasts based on future trading expectations, and consider that this does indicate that the company will continue to trade for a period of at least 12 months from the date of signing these financial statements due to the funding available to it.

On that basis, the directors have prepared these financial statements on a going concern basis.

BATHROOM DISTRIBUTION GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.5 Foreign currency translation

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of 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 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 date the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

1.6 Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade debtors and amounts owed by group undertakings, cash and cash equivalents, trade creditors and amounts owed to group undertakings.

Trade debtors and trade creditors

Trade debtors, amounts owed by group and trade creditors are stated at amortised cost (less any impairment losses), which approximates to fair value given the short-term nature of these assets and liabilities.

Trade debtors are carried at original invoice amount less an allowance for potentially uncollectable debts. Provision is made when there is objective evidence that the company will not be in a position to collect all of its receivables when they fall due. Bad debts are written-off in the Statement of Comprehensive Income on identification.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics and the days past due.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

BATHROOM DISTRIBUTION GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	10% straight line
Plant and machinery	-	20% straight line
Motor vehicles	-	20% - 25% straight line
Fixtures, fittings and equipment	-	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

1.11 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of goods

Turnover from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the company and the customer.

A debtor is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

BATHROOM DISTRIBUTION GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

BATHROOM DISTRIBUTION GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.13 Leases

The company leases various properties and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Lease are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs.

Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

1.14 Government grants

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Grants relating to the Coronavirus Job Retention Scheme are recognised when the requirements are met and recognised in the Statement of Comprehensive Income within other income in the period to which it relates.

1.15 Interest expense

interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

BATHROOM DISTRIBUTION GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****1. Accounting policies (continued)****1.16 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made the following judgements:

Leases

Where the company has an option to extend or terminate a lease, management uses its judgement to determine whether such an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including past practice and costs that would be incurred if an option were to be exercised, to help them determine the lease term. Management have also applied judgements in assessing the discount rate, which are based on the incremental borrowing rate.

Rebate income

Rebates from suppliers represent a significant source of income for the company each year. The nature of the arrangements in place means that a large proportion of the rebates due to the company are not collected until after the year end. The calculation of the rebate income in the year and the rebate receivable at the year end is based on the arrangements in place with suppliers. Rebate is accrued in the year it is earned. Due to the supplier specific nature of each arrangement the calculations can be complex and requires management to make estimates in the absence of supplier confirmations.

Stocks

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Trade debtors

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

3. Turnover

The total turnover of the company for the year has been derived from its principal activity being the supply of goods wholly undertaken in the United Kingdom.

4. Other operating income

	2021	2020
	£000	£000
Government grants - Coronavirus job retention scheme	-	362

BATHROOM DISTRIBUTION GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****5. Operating profit/(loss)**

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

	2021 £000	2020 £000
Auditors' remuneration	20	17
Depreciation of tangible fixed assets	185	198
Depreciation of right-of-use assets	279	249
Exchange differences	26	11
	<u> </u>	<u> </u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	1,597	1,731
Social security costs	137	139
Cost of defined contribution pension scheme	45	47
	<u>1,779</u>	<u>1,917</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Administrative and management	23	25
Sales and distribution	42	54
	<u>65</u>	<u>79</u>

7. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	81	102
Company contributions to defined contribution pension schemes	8	8
	<u>89</u>	<u>110</u>

During the year retirement benefits were accruing to 1 director (2020: £Nil) in respect of defined contribution pension schemes.

The other directors are directors in other group companies within which their remuneration was paid. Their roles within the company are deemed to be incidental to their wider role within the group and therefore the company bears no cost in relation to these directors.

BATHROOM DISTRIBUTION GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****8. Interest payable and similar expenses**

	2021 £000	2020 £000
Interest expense on lease liabilities	61	68

9. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	11	-
Total current tax	11	-
Deferred tax		
Current year charge	(9)	(4)
Adjustments in respect of previous periods	(2)	-
Total deferred tax	(11)	(4)
Total tax (credit) / charge	-	(4)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	34	(525)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	6	(100)
Effects of:		
Expenses not deductible for tax	-	(18)
Group relief not paid for	-	111
Depreciation on non-qualifying assets	7	7
Change in UK tax rate	(11)	(4)
Adjustments to deferred tax in respect of prior years	(2)	-
Total tax (credit) / charge for the year	-	(4)

BATHROOM DISTRIBUTION GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****9. Taxation (continued)****Factors that may affect future tax charges**

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 December 2021 is 25% and deferred tax has been re-measured at this date.

10. Right-of-use assets

	Buildings £000	Equipment £000	Vehicles £000	Office equipment £000	Total £000
Cost					
At 1 January 2021	2,038	39	71	18	2,166
Additions	-	-	127	-	127
Disposals	-	-	(18)	-	(18)
Remeasurement	-	-	(1)	-	(1)
At 31 December 2021	<u>2,038</u>	<u>39</u>	<u>179</u>	<u>18</u>	<u>2,274</u>
Depreciation					
At 1 January 2021	441	24	17	12	494
Charge for the year	225	12	36	6	279
On disposals	-	-	(6)	-	(6)
At 31 December 2021	<u>666</u>	<u>36</u>	<u>47</u>	<u>18</u>	<u>767</u>
Net book value					
At 31 December 2021	<u>1,372</u>	<u>3</u>	<u>132</u>	<u>-</u>	<u>1,507</u>
At 31 December 2020	<u>1,597</u>	<u>15</u>	<u>54</u>	<u>6</u>	<u>1,672</u>

BATHROOM DISTRIBUTION GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****10. Right-of-use assets (continued)**

The average lease term is 31 months (2020: 37 months).

The amounts recognised in the Statement of Comprehensive Income include:

	2021 £000	2020 £000
Depreciation expenses on right-of-use assets	279	249
Interest expense on lease liabilities	61	68
Expenses relating to short-term leases	60	62
	<u> </u>	<u> </u>

The total cash outflow for leases amounted to £340,000 (2020: £393,000). There have been no sale and leaseback transactions in the current year.

11. Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 January 2021	420	13	678	373	1,484
Additions	-	-	76	-	76
Disposals	-	-	(42)	-	(42)
At 31 December 2021	<u>420</u>	<u>13</u>	<u>712</u>	<u>373</u>	<u>1,518</u>
Depreciation					
At 1 January 2021	112	13	445	95	665
Charge for the year	39	-	110	36	185
Disposals	-	-	(37)	-	(37)
At 31 December 2021	<u>151</u>	<u>13</u>	<u>518</u>	<u>131</u>	<u>813</u>
Net book value					
At 31 December 2021	<u>269</u>	<u>-</u>	<u>194</u>	<u>242</u>	<u>705</u>
At 31 December 2020	<u>308</u>	<u>-</u>	<u>233</u>	<u>278</u>	<u>819</u>

BATHROOM DISTRIBUTION GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****12. Stocks**

	2021 £000	2020 £000
Finished goods and goods for resale	3,150	2,567

The directors consider that the replacement value of stock is not significantly different from the carrying value in the accounts.

13. Debtors

	2021 £000	2020 £000
Trade debtors	2,572	2,290
Amounts owed by group undertakings	19	61
Prepayments and accrued income	286	315
Tax recoverable	75	-
Deferred taxation (note 16)	51	40
	3,003	2,706

All amounts included above fall due within one year.

Trade debtors are stated after provisions for impairment of £89,000 (2020: £36,000).

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

14. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	876	950
Amounts owed to group undertakings	25	4,431
Other taxation and social security	233	165
Current lease liability (note 17)	282	265
Accruals and deferred income	261	492
	1,677	6,303

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

BATHROOM DISTRIBUTION GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****15. Creditors: Amounts falling due after more than one year**

	2021 £000	2020 £000
Amounts owed to group undertakings	4,322	-
Lease liability (note 17)	1,351	1,539
	<u>5,673</u>	<u>1,539</u>

Amounts owed to group undertakings are due in greater than five years and are interest bearing at a rate of 5.5%.

16. Deferred taxation

	2021 £000	2020 £000
At beginning of year	40	36
Credited to Statement of Comprehensive Income	11	4
At end of year	<u>51</u>	<u>40</u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	51	40
	<u>51</u>	<u>40</u>

17. Lease commitments

The maturity analysis of the lease liabilities are as follows:

	2021 £000	2020 £000
Less than one year	282	265
In the second to fifth years inclusive	1,063	998
Over five years	288	541
	<u>1,633</u>	<u>1,804</u>

BATHROOM DISTRIBUTION GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****18. Share capital**

	2021	2020
	£000	£000
Authorised, allotted, called up and fully paid		
10,000 Ordinary shares of £1.00 each	10	10

19. Retirement benefit scheme

The company contributes to the personal retirement benefit schemes of certain employees. The charge for the year amounted to £45,000 (2020: £47,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20. Guarantees

On 13 August 2018 a guarantee was issued in favour of HM Revenue and Customs for £150,000.

21. Reserves**Profit and loss account**

Cumulative net gains and losses recognised in the Statement of Comprehensive Income.

Share Capital

The nominal value of allotted and fully paid up ordinary share capital.

Capital contribution

A contribution by an owner which increases the entity's equity without any obligation for the entity to repay it or to do anything in consideration for receiving it.

22. Ultimate parent company

The company's immediate parent undertaking is Patagonia Bidco Limited, a company registered in England and Wales, the financial statements of which are available from the registered office.

The company's ultimate parent undertaking is Echo Topco Limited, a company registered in Jersey. The top company registered in England and Wales which is expected to prepare group consolidated financial statements, which will include the company, is Patagonia Holdco 3 Limited (The Group), the financial statements of which are available from the registered office.

The ultimate controlling party of The Group is The Blackstone Group Inc.