

Company registration number 02310569 (England and Wales)

VITRA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

VITRA LIMITED

COMPANY INFORMATION

Directors	M R Ehrhardt J Parr P Indermühle
Secretary	D Kandola
Company number	02310569
Registered office	32 Rivington Street London United Kingdom EC2A 3LX
Auditor	Azets Audit Services Suites B & D Burnham Yard Beaconsfield Bucks United Kingdom HP9 2JH

VITRA LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Statement of income and retained earnings	9
Balance sheet	10
Statement of cash flows	11
Notes to the financial statements	12 - 25

VITRA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

The company's key financial and other performance indicators during the year were as follows:

	2022	2021	Change
	£'000	£'000	%
Turnover	19,959	18,243	9.4%
Total operating profit	34	771	(95.6)%
Total operating profit (excluding exceptional items)	567	771	(26.5)%
Profit after tax	11	584	(98.1)%
Profit after tax (excluding exceptional items)	544	584	(6.8)%
Shareholders' funds	3,398	3,971	(14.4)%
Current assets as % of current liabilities	220%	272%	
Average number of employees	33	34	

Note that the exceptional items included above are costs in relation to the move to a new Showroom and include the reinstatement of the old premises and fit out of the new premises. The total costs in relation to this is £533,000.

Turnover increased by £1,716,000 (+9.4%) from 2021 due to improved market conditions.

Operating profit decreased to 0.2% of turnover, from 4.2% in 2021. However, taking into account the exceptional items included above, this is 2.8%. This reduction is largely due to the spend on the new showroom which opened in September 2022 and in return will likely increase sales revenue in 2023 and beyond.

Shareholders' funds decreased by 14.4% compared to 2021 at £3,398,000 after a dividend payment of £584,000 was made in 2021.

Principal risks and uncertainties

The principal risks and uncertainties facing Vitra Limited can be broadly grouped as competitive, legislative, financial instrument and credit risk. In addition, the consequences of the Russia-Ukraine conflict and the ongoing fallout around COVID-19 puts additional uncertainties on the economy and the supply chain.

Competitive risks

The UK office furniture market is more susceptible to macro-economic cycles than many other industry sectors. In times of economic uncertainty or downturn, the decision to expand, relocate or refurbish offices is often deferred. Conversely, when the economy turns upwards, there is typically a surge of backlog demand and it is paramount that the company is structured to be responsive to such changes in demand.

The company's main competitors are US based. The company sources most of its product from elsewhere in the group and it is invoiced in Euros. The company has a relative purchase cost disadvantage when the relative value of sterling to Euro is weak compared to the dollar.

Legislative risks

Protective measures such as mandatory fire safety labels increase the cost of supplying furniture into the UK market.

The industry is heavily regulated with continual enhancements of standards and new directives appertaining to Health and Safety and environmental legislation continuing to impact costs.

Financial instrument risks

The company, together with its parent undertaking, has established a risk and financial management framework whose primary objective is to protect the company from events that hinder the achievement of Vitra's performance objectives. The objective is to limit undue counterparty exposure, ensure sufficient working capital exists, monitor the credit risk of our clients and take appropriate action when required.

VITRA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Foreign exchange rate risk

The company operates in GBP, its functional currency, and Euro and therefore is exposed to exchange rate risks that arise from transactions in currencies other than its functional currency. Steps are taken to manage and hedge this risk via the company's group treasury department.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's credit policy is aimed at minimising such losses by trading to set credit limits and credit terms. If credit limits are to be exceeded, advance payments are sought and should invoices become overdue, the account is placed on hold. Debtors and creditors are continually monitored locally. Provisions for overdue and doubtful debts are made if necessary in accordance with group guidelines.

Liquidity and cash flow risk

Vitra group operates a cash pool facility for Vitra Ltd which makes local bank balances immaterial in day-to-day operations and reduces the liquidity risk. Vitra Ltd would have access to longer term funding from its parent undertaking, if required.

Interest rate risk

The company has no external borrowing. Should funds be required, they would be provided by the parent undertaking and would incur variable rate interest. Management consider that the interest rate risk is at an acceptable level, and that appropriate safeguards are in place to mitigate such risk.

Industry risk

Supply chain pressures such as increases in raw material prices, the availability of raw materials or disrupted supply is relevant for the entire furniture industry and not just Vitra. All possible actions are taken by Vitra group to mitigate supply chain disruption.

By order of the board

D Kandola

Secretary

31 March 2023

VITRA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of the sale of office furniture.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £584,000. The directors do not recommend payment of a further dividend for the financial year 2021. For the financial year 2022, the directors do not recommend a final dividend payment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M R Ehrhardt
J Parr
P Indermühle

Qualifying third party indemnity provisions

The Vitra group has granted an indemnity to one or more of the company's directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Research and development

As part of Vitra Group, all research and development appertaining to products is undertaken outside the UK by the parent undertaking. The company has no direct control or responsibility in these areas.

Disabled employees

The company gives full consideration to applicants for employment including disabled people where the candidates have suitable experience, qualification and ability to meet the requirements of the job.

Existing disabled employees will have equal opportunities for career development and promotion and will receive all appropriate training in order to fulfil their potential.

Should any existing employee become disabled, the company policy would be to provide continued employment wherever practicable in the same or comparable role, or offer training and personal development for an alternative position.

Employee involvement

It is the intention of the company to ensure that all employees are aware of the business objectives prior to the commencement of the trading year. Sales targets, customer activities, training plans and specific objectives are made available.

Throughout the course of the year the senior management team are also privy to all reports and encouraged to present their suggestions and news on the company's performance. The company produces monthly management financial statements and these are made available to the individual directors. The company also invites all employees to regular townhall meetings and provides the employees with a broad overview of the trading figures.

VITRA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The directors are of the opinion that the turnover in 2023 will show an improvement over 2022 and 2023 is still expected to be a profitable year.

Going concern

The financial position of the company and its exposures to financial and liquidity risks are summarised above. The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors, having assessed the responses of the parent undertaking, Vitra International AG, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

D Kandola
Secretary

J Parr
Director

31 March 2023

VITRA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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 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.

VITRA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITRA LIMITED

Opinion

We have audited the financial statements of Vitra Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Opinions on other matters prescribed by the Companies Act 2006

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

VITRA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VITRA LIMITED

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 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, 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.

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

VITRA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF VITRA LIMITED

Extent to which 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Adam East ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

31 March 2023

Chartered Accountants
Statutory Auditor

Suites B & D
Burnham Yard
Beaconsfield
Bucks
United Kingdom
HP9 2JH

VITRA LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	4	19,959	18,243
Cost of sales		(15,180)	(14,090)
Gross profit		4,779	4,153
Administrative expenses		(5,059)	(3,848)
Other operating income		314	466
Operating profit	5	34	771
Interest receivable and similar income	8	25	-
Profit before taxation		59	771
Tax on profit	9	(48)	(187)
Profit for the financial year		11	584
Retained earnings brought forward		1,509	1,117
Dividends	10	(584)	(192)
Retained earnings carried forward		936	1,509

The profit and loss account has been prepared on the basis that all operations are continuing operations.

VITRA LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		752		26
Current assets					
Stocks	12	450		447	
Debtors	13	4,756		5,802	
		<u>5,206</u>		<u>6,249</u>	
Creditors: amounts falling due within one year	14	<u>(2,367)</u>		<u>(2,296)</u>	
Net current assets			<u>2,839</u>		<u>3,953</u>
Total assets less current liabilities			<u>3,591</u>		<u>3,979</u>
Provisions for liabilities					
Provisions	15	9		7	
Deferred tax liability	16	<u>184</u>	<u>(193)</u>	<u>1</u>	<u>(8)</u>
Net assets			<u><u>3,398</u></u>		<u><u>3,971</u></u>
Capital and reserves					
Called up share capital	18		2,462		2,462
Profit and loss reserves			<u>936</u>		<u>1,509</u>
Total equity			<u><u>3,398</u></u>		<u><u>3,971</u></u>

The financial statements were approved by the board of directors and authorised for issue on 31 March 2023 and are signed on its behalf by:

J Parr
Director

Company Registration No. 02310569

VITRA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	23		(263)		1,645
Income taxes paid			(187)		(48)
Net cash (outflow)/inflow from operating activities			(450)		1,597
Investing activities					
Purchase of tangible fixed assets		(755)		-	
Interest received		25		-	
Net cash used in investing activities			(730)		-
Financing activities					
Dividends paid		(584)		(192)	
Net cash used in financing activities			(584)		(192)
Net (decrease)/increase in cash and cash equivalents			(1,764)		1,405
Cash and cash equivalents at beginning of year			3,652		2,247
Cash and cash equivalents at end of year			1,888		3,652

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Vitra Limited is a private company limited by shares incorporated in England and Wales. The registered office is 32 Rivington Street, London, United Kingdom, EC2A 3LX.

The financial statements were authorised for issue by the Board on 31 March 2023.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold improvements	10%-20% per annum
Fixtures and fittings	20%-25% per annum
Motor vehicles	16%-20% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 Employee benefits

Short term employee benefits, other non-monetary benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

1.13 Retirement benefits

The company operates a defined contribution pension scheme. Contributions are charged to the statement of income and retained earnings as they become payable in accordance with the rules of the scheme.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in foreign currencies with other group companies are recorded at the euro contracted settlement rate fixed for the financial year in which the transaction takes place, as determined by a related party undertaking under the intercompany cash pooling agreement. Monetary assets and liabilities denominated in foreign currencies that remain unsettled at the year end are retranslated at the contracted rate of exchange for the next financial year, as determined by a related party undertaking under the intercompany cash pooling agreement.

Other foreign currency transactions are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange gains and losses arising on the settlement of foreign currency transactions and on the retranslation of monetary assets and liabilities are included in the statement of income and retained earnings.

1.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements. The following are the entity's key sources of estimation uncertainty:

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Provisions

The company establishes provisions based on reasonable estimates. In respect of the dilapidations provision, management has assessed the likely costs of reinstating the premises upon the maturity of property leaseholds. The snagging provision is reassessed annually, as it relates to specific short term obligations which change from year to year.

Deferred taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Where losses of other group companies are expected to be offset against Vitra Limited's tax charge, the company is required to reimburse the group company for the tax amount saved by the losses the respective group company has surrendered to the company under group relief regulations.

3 Exceptional item

During the year, the company moved showrooms to The Tramshed Building. Costs directly attributable to this move relating to the reinstatement of the old showroom and the fitout of The Tramshed Building total £533,000 and are included in administrative expenditure and £642,000 in short leasehold additions.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Turnover and other revenue

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied in respect of continuing activities.

	2022 £'000	2021 £'000
Turnover analysed by class of business		
Sales of goods	19,650	17,730
Rendering of services	309	513
	<u>19,959</u>	<u>18,243</u>
	2022 £'000	2021 £'000
Other significant revenue		
Interest income	25	-
Commissions received	27	57
Grants received - Coronavirus Job Retention Scheme	-	25
	<u></u>	<u></u>

The analysis of turnover by geographical area has been omitted, as in the opinion of the directors, the disclosure of this information would be seriously prejudicial to the interests of the company.

5 Operating profit

	2022 £'000	2021 £'000
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(25)
Fees payable to the company's auditor for the audit of the company's financial statements	18	16
Depreciation of owned tangible fixed assets	29	10
Operating lease charges	<u>516</u>	<u>204</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Sales	14	15
Distribution	16	16
Administration	3	3
	<u></u>	<u></u>
Total	<u>33</u>	<u>34</u>

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	2,124	2,071
Social security costs	267	243
Pension costs	85	86
	<u>2,476</u>	<u>2,400</u>

7 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	180	170
Company pension contributions to defined contribution schemes	12	11
	<u>192</u>	<u>181</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

Total directors' remuneration comprised £192,000 in 2022 (2021: £181,000). Some of the serving directors are also serving as directors or officers of a number of companies within the Vitra International AG Group. In these cases, the directors' services to the company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2022 and 31 December 2021.

8 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Group cash pool interest receivable	25	-
	<u>25</u>	<u>-</u>

9 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	-	188
	<u>-</u>	<u>188</u>
Deferred tax		
Origination and reversal of timing differences	48	(1)
	<u>48</u>	<u>(1)</u>
Total tax charge	<u>48</u>	<u>187</u>

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit before taxation	59	771
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	11	146
Tax effect of expenses that are not deductible in determining taxable profit	35	41
Unutilised tax losses carried forward	102	-
Other non-reversing timing differences	48	(1)
Depreciation in arrears of capital allowances	(148)	1
Taxation charge for the year	48	187

Factors that may affect future tax charges

The UK corporation tax rate is to remain at 19% for the year beginning 1 April 2021 as announced in Budget 2020 on 11 March 2020; forming part of Finance Act 2020 which was enacted on 22 July 2020. It was further announced as part of Budget 2021 on 3 March 2021 that the UK corporation tax rate will increase to 25% from 1 April 2023; this being substantively enacted on 24 May 2021. The effect on the company of these changes will be reflected in the company's financial statements in the next financial year as appropriate.

10 Dividends

	2022 £'000	2021 £'000
Final paid	584	192

No equity dividend on ordinary and preference shares for 2022 has been proposed (2021: £584,000).

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

	Short leasehold improvements	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2022	-	70	31	101
Additions	649	106	-	755
Disposals	-	(38)	-	(38)
At 31 December 2022	649	138	31	818
Depreciation and impairment				
At 1 January 2022	-	66	9	75
Depreciation charged in the year	16	8	5	29
Eliminated in respect of disposals	-	(38)	-	(38)
At 31 December 2022	16	36	14	66
Carrying amount				
At 31 December 2022	633	102	17	752
At 31 December 2021	-	4	22	26

12 Stocks

	2022 £'000	2021 £'000
Finished goods and goods for resale	450	447

No impairment due to slow-moving and obsolete stock was recognised in cost of sales during the year (2021: decrease to the provision of £7,000).

13 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	2,623	2,043
Corporation tax recoverable	22	-
Amounts owed by group undertakings	37	28
Group cash pool debtor	1,888	3,652
Other debtors	1	-
Prepayments and accrued income	49	77
	4,620	5,800

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Debtors (Continued)

	2022 £'000	2021 £'000
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	136	2
	<u>136</u>	<u>2</u>
Total debtors	4,756	5,802
	<u>4,756</u>	<u>5,802</u>

An increase in impairment loss provision of £3,000 (2021: decrease of £4,000) was recognised against trade debtors.

14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	1,170	991
Amounts owed to group undertakings	76	52
Corporation tax	-	166
Other taxation and social security	435	267
Other creditors	252	281
Accruals and deferred income	434	539
	<u>2,367</u>	<u>2,296</u>
	<u>2,367</u>	<u>2,296</u>

15 Provisions for liabilities

	2022 £'000	2021 £'000
Dilapidations provision	9	7
	<u>9</u>	<u>7</u>
Movements on provisions:		
		Dilapidations provision £'000
At 1 January 2022		7
Additional provisions in the year		2
		<u>2</u>
At 31 December 2022		9
		<u>9</u>

The dilapidations provision is in respect of dilapidation obligations on the maturity of property leaseholds.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £'000	Liabilities 2021 £'000	Assets 2022 £'000	Assets 2021 £'000
Balances:				
(Accelerated)/deaccelerated capital allowances	184	1	-	-
Losses carried forward	-	-	134	-
Other timing differences	-	-	2	2
	<u>184</u>	<u>1</u>	<u>136</u>	<u>2</u>
Movements in the year:				2022 £'000
Asset at 1 January 2022				(1)
Charge to profit or loss				49
				<u>48</u>
Liability at 31 December 2022				<u>48</u>

17 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	85	86

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end, included in 'Other creditors' are £11,000 (2021: £11,000).

18 Share capital

	2022 £'000	2021 £'000
Called up share capital		
Issued and fully paid		
150,000 Ordinary shares of £1 each	150	150
2,312,000 Preference shares of £1 each	2,312	2,312
	<u>2,462</u>	<u>2,462</u>

Called up share capital represents the nominal value of shares that have been issued.

The company is entitled to redeem all or any part of the redeemable preference shares, at par, upon notice in writing at any time. The shares are non-voting, and have a preferential right to return of capital on winding up. As there is no foreseeable intention to redeem the preference shares they have been included as part of the equity of the company.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Reserves

Profit and loss account includes all current and prior period retained profits and losses.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	400	400
Between two and five years	1,100	1,500
	<u>1,500</u>	<u>1,900</u>

Expenses in relation to land and buildings operating leases totalled £516,000 (2021: £204,000).

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £'000	2021 £'000
Aggregate compensation	<u>337</u>	<u>320</u>

Transactions with related parties

As the company is a wholly-owned subsidiary of Vitra Holding AG, the company has taken advantage of the exemption contained in FRS 102 section 33 and has therefore not disclosed transactions or balances with wholly owned subsidiaries of the group.

22 Ultimate controlling party

The ultimate parent undertaking and controlling party is Vitra Holding AG, which is incorporated in Switzerland.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up is that headed by Vitra International AG. Group financial statements are not publicly available.

VITRA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Cash (absorbed by)/generated from operations

	2022 £'000	2021 £'000
Profit for the year after tax	11	584
Adjustments for:		
Taxation charged	48	187
Investment income	(25)	-
Depreciation and impairment of tangible fixed assets	29	10
Increase in provisions	2	1
Movements in working capital:		
(Increase)/decrease in stocks	(3)	33
Increase in debtors	(562)	(40)
Increase in creditors	237	870
Cash (absorbed by)/generated from operations	(263)	1,645

24 Analysis of changes in net funds

	1 January 2022 £'000	Cash flows £'000	31 December 2022 £'000
Group cash pool debtor	3,652	(1,764)	1,888
	3,652	(1,764)	1,888

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.