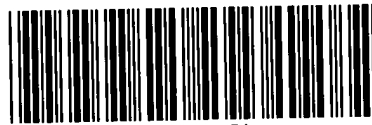


COMPANY REGISTRATION NUMBER: 03411690

Lifetime Brands Europe Limited
Financial Statements
31 December 2020

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Lifetime Brands Europe Limited

Financial Statements

Year ended 31 December 2020

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Lifetime Brands Europe Limited

Officers and Professional Advisers

The board of directors

Mr M B Canwell
Mr J G Siegel
Mr D T Siegel
Mr R B Kay
Mr L Winoker
Mrs C L Budgen
Mr C S Siegel
Mr R T Jones
Mr G Marshall

Company secretary

Gateley Secretaries Limited

Registered office

The Hub
Nobel Way
Birmingham
B6 7EU

Auditor

Ernst & Young LLP
1 Colmore Square
Birmingham
B4 6HQ

Bankers

JPMorgan Chase Bank, NA
10 Aldermanbury Road
London
EC2M 7RF

Lifetime Brands Europe Limited

Strategic Report

Year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

Lifetime Brands Europe Limited (the company) designs, sources and sells branded kitchenware, tableware and other products used in the home and markets its products under a number of widely-recognised brand names and trademarks, which are either owned or licensed by the Company. The Company's products, which are targeted primarily towards consumers purchasing moderately priced kitchenware, tableware and housewares, are sold through virtually every major level of trade.

Customers

The company's products are sold globally to a diverse customer base including speciality retailers, commercial stores, grocery and department stores, off-price retailers, garden centre groups and independent retailers. Increasingly the company also sells through pure-play e-commerce retailers, supports the online channels of its existing customers and direct to consumer sales through its own websites.

International division of Lifetime Brands

The company's ultimate parent is Lifetime Brands, Inc., a leading durables consumer products company in the USA with strong market positions in kitchen tools & gadgets, cutlery and barware accessories, tabletop as well as other kitchen and home product categories. The company leads the group's international expansion activities into new markets alongside continuing to grow and service its existing UK, EU and International customers.

The Hub

The company runs its operations out of the purpose-built Hub at Aston, Birmingham. This state-of-the-art facility is capable of receiving, holding and processing stock across the company's extensive product lines. Investment in seamless digital systems enables swift pick, pack and despatch and integration into customers' systems for efficient ordering and invoicing. Product design and development, customer support, finance and head office functions are also based here, alongside the company's extensive customer showroom and product demonstration facilities.

Sales & marketing

The company's sales and marketing staff coordinate directly with its wholesale customers to devise marketing strategies and merchandising concepts and to furnish advice on advertising and product promotion. These efforts are supported from the principal offices and showroom in Aston, Birmingham; and Hong Kong. At the heart of the company is a culture of innovation and new product development. Utilising the latest available design tools, technology and materials, the company creates new products, redesigns existing products and creates packaging and merchandising concepts.

Sources of supply

The company sources its products from hundreds of suppliers, almost all of which are located outside the United Kingdom, with most of the company's suppliers located in China. The company orders products substantially in advance of the anticipated time of their sale. The company does not have formal long-term arrangements with its suppliers and its arrangements allow for flexibility in modifying the quantity, composition and delivery dates of orders.

Employees

At 31 December 2020, the company had approximately 278 full-time employees. The company also hires seasonal workers at its distribution centre through temporary staffing agencies. None of the company's employees are represented by a labour union or subject to collective bargaining agreements.

Lifetime Brands Europe Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Business review

Results of operations

The key financial performance indicators during the period were as follows:

	31/12/2020	31/12/2019
	£	£
Turnover	61,182,686	65,531,525
Gross profit	10,631,837	12,734,409
Administrative expenses	17,886,509	20,529,370
Operating loss	6,906,008	7,794,961

Analysis of results

Turnover for the year amounted to £61,182,686 (2019: £65,531,525). This is lower than the previous year, in part due to the impact of the COVID-19 pandemic, and in addition to a strategic business decision to discontinue certain private label products with various national customers. United Kingdom and European government restrictions during the year have included the forced closure of non-essential retail and this has had an impact on total sales to national and independent retailers as well as export customers. However, e-commerce and omni-channel retailers have delivered increased sales during the year, and other product categories such as home baking have seen a surge as consumers are cooking and eating more at home. This change in customer sales mix has also had consequent effects on sales allowances, leading to an adverse impact on reported net turnover.

Alongside a decrease in turnover the gross profit percentage also decreased compared to the prior year. Increased stock provisions have impacted on gross margin along with the change in customer mix resulting in higher sales allowances.

On a favourable note, there has been an improvement in administrative expenses, decreasing by £2,642,861 compared to the prior year. Overhead costs were lower due to a conscious effort to reduce such costs in the year across all functions of the business and to right size the business for the future. Rates and utility costs also show a significant reduction, reflecting the completion of the move out of multiple properties early in the year.

During the year the company took advantage of the UK Government's job retention scheme and received £348,664 which has been included as other operating income (2019: £nil).

The operating loss for the year was £6,906,008 (2019: loss £7,794,961).

Balance sheet analysis

Consistent with the broader strategy of the Lifetime Brands, Inc group there has been little new capital expenditure during the year, with a focus on process improvement and efficiency instead. Tangible fixed assets decreased slightly, reflecting depreciation charges for the year. Intangible fixed assets also decreased slightly as a result of amortisation charges, with no acquisitions of new businesses or brands in the year.

Changes in the company's working capital are minimal, with the most significant being a reduction in carrying value of stock.

	2020	2019
	£	£
Stock	20,601,859	23,871,783
Trade debtors	21,521,788	23,677,131
Trade creditors	7,507,714	5,151,488

Lifetime Brands Europe Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Balance sheet analysis - continued

Bank loans and overdrafts total £19,999,999 (2019: £24,889,229). All borrowings in the company are classified as current liabilities. Subsequent to the balance sheet date these borrowings have been replaced by direct loans from Lifetime Brands, Inc as explained elsewhere in this report.

The company's balance sheet reflects challenging conditions due to the COVID-19 pandemic and the associated lockdowns put in place by the UK and international governments, with net assets decreasing to £10,388,467 (2019: £19,253,720).

Future developments

The COVID-19 pandemic and consequent government restrictions continue to affect the United Kingdom and the rest of the world in 2021 with the United Kingdom entering another period of national lockdown on 4 January 2021. The company has experienced lower levels of sales at certain physical retailers that have been closed but this reduction has been offset by higher levels of sales at retailers that have remained open. In addition, the company's e-commerce sales have increased during the pandemic.

The company's distribution centre remains operational and continues to support customers. The company has not experienced disruptions in its supply chain related to the COVID-19 pandemic.

On 31 December 2020 the transition period following the United Kingdom's exit from the European Union, Brexit, ended. Brexit has led to many changes in the processes for exports to and imports from, countries within the European Union. These changes continue to present operational challenges for the company; have led to delays with freight companies and at various customs points, and adversely impacted sales in January 2021, although export sales to European Union countries have mostly recovered since then.

In line with the Lifetime Brands, Inc. future growth strategy the company is working towards growth through entering new markets and appropriate acquisitions. The hiring of more in country managers across a number of regions will enable strategic penetration of brands most suited to those markets. The company will also look to capitalise on adjacent product categories that fit with the established core competencies in design, manufacture and innovation and also focus on opportunities for revenue growth.

Lifetime Brands Europe Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Principal risks and uncertainties

The company is subject to risks and uncertainties associated with economic and political conditions around the world, including but not limited to; government regulations, taxes including value-added taxes, import and export duties/tariffs and quotas, anti-dumping regulations, incidents and fears involving security, man-made or natural disasters, health epidemics, terrorism and wars, political unrest and other restrictions on trade and travel.

As noted elsewhere in this report, the COVID-19 pandemic remains a key risk and the company's responses to it will continue to evolve. In particular the impact that further periods of lockdown restrictions may have on its bricks and mortar customer base and the extent to which increased sales through other channels will continue to compensate for any decline in sales to retailers who rely more on the customer visiting their stores. The company is monitoring the impact continuously in an effort to both support its customers and manage all aspects of the company's risk.

The company's operations and sales may continue to be affected by Brexit. Further changes to the detailed rules surrounding export to countries in the European Union are expected, and the marketplace for freight and customs services is still evolving.

Another operational risk for the business is the marked increase in ocean freight costs as well as increases in commodity prices as has been experienced over the recent months. However, the company is introducing customer price increases to offset the impact of these cost increases.

The company's financial risk management objective is broadly to make neither profit or loss from exposure to currency or interest rate risks. The company will where possible seek to achieve a natural hedge position on currency and will, in certain circumstances, use forward contract currency contracts to manage the company's exposure whilst adhering to the company's policy to pay suppliers in accordance with their stated terms. The company does not use hedge accounting. Credit risk applies to financial instruments such as trade debtors. Policies and procedures exist to ensure the management of trade debtors minimises as far as is reasonably practicable the company's exposure to credit risk.

The company's exposure to the price risk of financial instruments is therefore minimal. As the counterparty to all financial instruments are its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments.

This report was approved by the board of directors on 22 December 2021 and signed on behalf of the board by:

DocuSigned by:



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Mr M B Canwell

Director

Registered office:

The Hub

Nobel Way

Birmingham

B6 7EU

Lifetime Brands Europe Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Directors

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

Mr M B Canwell
Mr J G Siegel
Mr D T Siegel
Mr R B Kay
Mr L Winoker
Mrs C L Budgen
Mr C S Siegel
Mr R T Jones
Mr K N Murden

(Resigned 3 April 2020)

Dividends

The directors do not recommend the payment of a dividend.

Going concern

The directors have prepared a forecast for the business through to the end of December 2022. This forecast indicates that the company will be able to continue to operate under the facilities made available to it by Lifetime Brands Inc, which, along with cash generated from operating activities, represents the company's principal source of cash to fund liquidity needs.

In order to effectively manage the group's overall finance costs, subsequent to the year end, Lifetime Brands Inc has provided the company with an internal revolving credit facility of up to \$40m which either party can terminate with 3 days' notice or shorten the term with 60 days' notice. The company also continues to have access to the group's external asset based lending facility of up to \$150m which matures on 2 March 2023, the level of access to which is dependent on available inventory and receivables and the extent of drawdown by other group entities. As a result the directors have concluded the company remains dependant on support by Lifetime Brands Inc.

The company has therefore obtained written confirmation from Lifetime Brands Inc. that it is able to and will provide financial support to the company to enable it to meet its liabilities as they fall due, but only to the extent that other monies are not available to do so, for a period of at least 12 months from the date of approval of these financial statements through to no earlier than 31 December 2022.

The directors note that the operating cash flows of the company and the group have improved through 2021 due to positive trading performance in the first half of the year, stock rationalisation, reduced capital expenditure and active management of working capital such that at 30 September 2021 the group's published results indicated a cash balance of \$9m, term loan debt of \$252m and no amounts drawn under the group's \$150m asset based lending facility.

Having considered the ability of Lifetime Brands Inc. to provide this financial support through to the end of December 2022, the directors have concluded that the company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Greenhouse gas emissions and energy consumption

The company's greenhouse gas emissions and energy consumption for the year are 317.46 tCO₂e and 1,265,378 kWh. Energy kWh consumption data is collected and converted to tCO₂e using the government issued "Greenhouse gas reporting: conversion factors 2020"

Lifetime Brands Europe Limited

Directors' Report

Year ended 31 December 2020

The company has determined that the best metric of energy efficiency is the tCO₂e per total square metres of floor space, which for 2020 stood at 14.57. Lifetime Brands Europe Limited continues to strive for energy and carbon reduction arising from their activities, having recently moved to new premises that benefit from LED lighting in the large retail showrooms, office space & warehousing, efficient heating destratification fans and high-speed shutters to prevent heat loss.

Lifetime Brands Europe Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Statement under S.172 (1)

The directors have acted to promote the success of the company for the benefit of shareholders as a whole. In carrying out that role, the directors have also had regard for broader matters and other key stakeholders as explained below and elsewhere within this annual report. The directors and management team in the United Kingdom are integrated into, and work in conjunction with the directors and senior management team of Lifetime Brands as a whole in the United States of America. The annual report of Lifetime Brands Inc. is available on its website and explains the significant decisions and actions taken by the directors. This report expands on some relevant highlights in relation to the United Kingdom and this company below:

Key developments and decisions

During the year, the board has considered the following significant decisions and developments for the company:

The COVID-19 pandemic. The board has followed all government guidance in reducing social contact to play its part in mitigating the spread of coronavirus in the community. Staff are supported to work from home where possible, and provided with a COVID-secure working environment where this is not practical, such as in the warehouse.

Brexit. The company is continuously developing its strategy of importing directly into European Union countries in order to reduce the impact on its customers. Services provided by freight forwarding agents have been kept under review. Some changes in processes, such as reducing stock diversity on each pallet, and providing additional information for customs clearance, have been planned for and delivered.

Process improvement and efficiency. Following completion of the move into The Hub at Aston, the company has actioned various projects to refine processes. The board have focussed on improvements to the communication between departments and supported the creation of an Optimisation Project Team to drive improvements in business operations to become more lean and efficient.

International opportunities. The company has worked to update its model of operation in export markets, with the recruitment of more in-country managers and a reduction in the use of sales agents on commission. Other systems and processes are also being updated to facilitate working in international markets, such as credit control and IT infrastructure.

Engagement with employees and workers

We are committed to creating positive working relationships and to ensuring that all employees are valued and treated with dignity and respect at work. Frequent two-way communication between the directors and all employees is achieved in the following ways: Directors' regular business updates, consultation forums, functional briefings and meetings, team meetings and 1-2-1's in place across all functions. Underneath the executive board for the United Kingdom that meets once a month, there are also regular meetings for the senior leadership team and the middle management group.

Across 2020 the impact of COVID-19 on our people has been significant. In common with most organisations who have the majority of office and sales staff working from home, we have had to adopt new ways of working, venture into more technological ways of working and communicating and been mindful and supportive of the advantages and challenges to individuals of home working, whilst also being aware of those whose jobs do not enable them to work from home.

We have reviewed COVID-secure working practices within the warehouse and office buildings; implementing social distancing, physical barriers, hand sanitising, mandatory face-coverings and restrictions on visitors.

As a result of government restrictions some roles within the business have become temporarily impractical, and the company has benefitted from the Coronavirus Job Retention Scheme receiving a total of £348,664 in the year to 31 December 2020.

Lifetime Brands Europe Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Engagement with employees and workers *(continued)*

We have also been planning ahead to consider the need for support as staff are allowed to return to the office environment. Managers have involved their teams in planning for how to manage the ongoing impact of working from home alongside colleagues returning to the office.

The gender pay gap (GPG) is closely monitored and reported on at Lifetime Brands Europe Limited. The directors are committed to supporting long term improvement in this area and believe that our employees performing equal work should receive equal reward. Mean GPG for the year was 12.9% compared to 6.4% in 2019. The median GPG was 2.6% compared to -14.5% in 2019. The GPG in bonus was 0%, which is the same as in the prior year. We as a business continue to monitor this area and are committed to continuing with our regular pay and benefits audits to ensure continued fairness and consistency in our pay structures.

The company's policy ensures compliance with all applicable employment laws and commit to ensuring fairness in the hiring and advancement of all colleagues without discrimination. We require all staff to comply with the company's code of conduct and ethics within all business dealings.

Any recruiters who we engage with for the supply of temporary workers must be licensed by the Gangmasters Labour Abuse Authority (GLAA) and will work to the same strict standards as per our own operating procedures.

Employment of disabled persons

The company is committed to promoting equality of opportunity for all staff and job applicants. Where staff or job applicants are disabled or become disabled, they are encouraged to tell the company about their condition so that the company can support them as appropriate.

If staff experience difficulties at work because of their disability, staff may wish to contact Human Resources to discuss any reasonable adjustments that would help overcome or minimise the difficulty. The company will consider the matter carefully and try to accommodate needs within reason.

The company will monitor physical features of our premises to consider whether they place disabled workers, job applicants or service users at a substantial disadvantage compared to other staff. Where reasonable, the company will take steps to improve access for disabled staff and services users.

Go Green and sustainability

A new executive board level group has been created to lead on sustainability issues. We are working closely with customers, and also with suppliers in China and Lifetime Brands, Inc in the USA. The group has representation from all areas within the business.

Supply chain quality

The company is committed to maintaining a reputation for high standards of business conduct. We support the promotion of ethical business policies and practices in order to protect workers from any kind of abuse, deprivation of a person's liberty, or exploitation, in relation to our business and supply chain.

We have also embarked on a programme to communicate and regulate our policies to existing and new suppliers, as well as our sourcing agents and employees throughout the business where we make it clear from the outset our expectations; insisting on only working with suppliers who share our ethical values; completion of robust Self-Assessment Questionnaires (SAQ); mapping our supply chains; and adopting a diligent approach in our selection of new suppliers through factory visits and our rigorous factory evaluation and verification process.

Lifetime Brands Europe Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

A resolution to reappoint Ernst & Young LLP as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors on 22 December 2021 and signed on behalf of the board

DocuSigned by:

by:

Matthew Benedict Canwell

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Mr M B Canwell

Director

Registered office:
The Hub
Nobel Way
Birmingham
B6 7EU

Lifetime Brands Europe Limited

Independent Auditor's Report

Year ended 31 December 2020

Opinion

We have audited the financial statements of Lifetime Brands Europe Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 12 months from when the financial statements are authorised for issue through to no earlier than 31 December 2022.

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

Lifetime Brands Europe Limited

Independent Auditor's Report *(continued)*

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 9, 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.

Lifetime Brands Europe Limited

Independent Auditor's Report *(continued)*

Year ended 31 December 2020

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant those that relate to the reporting framework (FRS 102 and the Companies Act 2006);
- We understood how Lifetime Brands Europe Limited is complying with those frameworks by making enquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the Company. We read the minutes of the Board of Directors and we reviewed the legal expenses incurred to identify any litigation or claims in relation to breaches of these frameworks;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management. We considered the programmes and controls that the entity has established to address identified risks, or that otherwise prevent or detect fraud; and how senior management monitors these programmes and controls. We considered that the principal areas where the risk of fraud was considered to be higher were in relation to revenue recognition and management override of the key estimate in respect of trade receivable balances. In these areas we performed additional procedures to address the identified fraud risk. These procedures principally comprised identifying the existence of manual journals impacting revenue, and where necessary, testing those journals to provide reasonable assurance the financial statements were free from fraud, and establishing an independent assessment of the provisions recorded in respect of trade receivables in order to evaluate the provisions established by management;
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures enquiries of management, internal audit and, where relevant, legal counsel and performing focused testing on manual journals.

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.

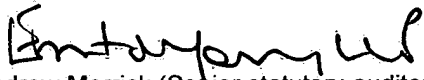
Lifetime Brands Europe Limited

Independent Auditor's Report *(continued)*

Year ended 31 December 2020

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.



Andrew Merrick (Senior statutory auditor)

For and on behalf of
Ernst & Young LLP, Statutory Auditor
1 Colmore Square
Birmingham
B4 6HQ

22 December 2021

Lifetime Brands Europe Limited

Profit and Loss Account

Year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	61,182,686	65,531,525
Cost of sales		(50,550,849)	(52,797,116)
Gross profit		10,631,837	12,734,409
Administrative expenses		(17,886,509)	(20,529,370)
Other operating income	5	348,664	—
Operating loss	6	(6,906,008)	(7,794,961)
Other interest receivable and similar income	10	960	—
Interest payable and similar expenses	11	(547,826)	(391,274)
Loss before taxation		(7,452,874)	(8,186,235)
Tax on loss	12	(1,412,379)	1,276,167
Loss for the financial year and total comprehensive income		(8,865,253)	(6,910,068)
Retained earnings at the start of the year		18,479,053	25,389,121
Retained earnings at the end of the year		9,613,800	18,479,053

All the activities of the company are from continuing operations.

The notes on pages 17 to 30 form part of these financial statements.

Lifetime Brands Europe Limited

Balance Sheet

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	1,183,849	1,473,764
Tangible assets	14	5,095,033	5,369,492
Investments	15	4,000	4,000
		<u>6,282,882</u>	<u>6,847,256</u>
Current assets			
Stocks	16	20,601,859	23,871,783
Debtors	17	24,167,348	28,331,157
Cash at bank and in hand		1,583,650	1,264,078
		<u>46,352,857</u>	<u>53,467,018</u>
Creditors: amounts falling due within one year	18	<u>(42,247,272)</u>	<u>(41,060,554)</u>
Net current assets		<u>4,105,585</u>	<u>12,406,464</u>
Total assets less current liabilities		<u>10,388,467</u>	<u>19,253,720</u>
Net assets		<u>10,388,467</u>	<u>19,253,720</u>
Capital and reserves			
Called up share capital	23	690,000	690,000
Capital redemption reserve	24	84,667	84,667
Profit and loss account	24	9,613,800	18,479,053
Shareholders funds		<u>10,388,467</u>	<u>19,253,720</u>

These financial statements were approved by the board of directors and authorised for issue on 22 December 2021, and are signed on behalf of the board by:

DocuSigned by:

Matthew Benedict Canwell

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Mr M B Canwell

Director

Company registration number: 03411690

The notes on pages 17 to 30 form part of these financial statements.

Lifetime Brands Europe Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Hub, Nobel Way, Birmingham, B6 7EU.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The directors have prepared a forecast for the business through to the end of December 2022. This forecast indicates that the company will be able to continue to operate under the facilities made available to it by Lifetime Brands Inc, which, along with cash generated from operating activities, represents the company's principal source of cash to fund liquidity needs.

In order to effectively manage the group's overall finance costs, subsequent to the year end, Lifetime Brands Inc has provided the company with an internal revolving credit facility of up to \$40m which either party can terminate with 3 days' notice or shorten the term with 60 days' notice. The company also continues to have access to the group's external asset based lending facility of up to \$150m which matures on 2 March 2023, the level of access to which is dependent on available inventory and receivables and the extent of drawdown by other group entities. As a result the directors have concluded the company remains dependant on support by Lifetime Brands Inc.

The company has therefore obtained written confirmation from Lifetime Brands Inc. that it is able to and will provide financial support to the company to enable it to meet its liabilities as they fall due, but only to the extent that other monies are not available to do so, for a period of at least 12 months from the date of approval of these financial statements through to no earlier than 31 December 2022.

The directors note that the operating cash flows of the company and the group have improved through 2021 due to positive trading performance in the first half of the year, stock rationalisation, reduced capital expenditure and active management of working capital such that at 30 September 2021 the group's published results indicated a cash balance of \$9m, term loan debt of \$252m and no amounts drawn under the group's \$150m asset based lending facility.

Having considered the ability of Lifetime Brands Inc. to provide this financial support through to the end of December 2022, the directors have concluded that the company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Lifetime Brands Europe Limited

Notes to the Financial Statements

Year ended 31 December 2020

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Lifetime Brands, Inc, which can be obtained from 1000 Stewart Avenue, Garden City, New York 11530, United States of America. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State. Accordingly these financial statements are for this company as a separate entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Valuation of finished goods:

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Estimates are required in relation to forecast sales volumes and stock balances. In situations where excess stock balances are identified, estimates of net realisable values for the excess volumes are made. Stock provision for estimated losses as of 31 December 2020 amounted to £2,270,817 (2019: £1,452,793).

Valuation of trade debtors:

Accounts receivable are measured at transaction price less impairment losses. Estimates are required in relation to future sales returns and customer chargebacks, and any bad debts. Total accounts receivable provisions for impairment losses as of 31 December 2020 amounted to £2,027,301 (2019: £2,449,022).

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sales of Goods -

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 despatch of the goods.

Lifetime Brands Europe Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

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

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

IT software	-	20% straight line over the estimated average useful life of five years
Licences	-	10% straight line over the ten year term of the agreement

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

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

Lifetime Brands Europe Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

3. Accounting policies *(continued)*

Tangible assets *(continued)*

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

Depreciation

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

Leasehold improvements	-	Straight line over the lease term of 15 years
Fixtures & fittings	-	10-33% Straight line
Motor vehicles	-	33% straight line

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

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost on profit or loss in the period it arises.

Business combinations

Business combinations relating to group reconstructions with no change to the ultimate ownership of an entity are accounted for using acquisition accounting.

Lifetime Brands Europe Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

3. Accounting policies *(continued)*

Impairment of fixed assets

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

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

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Defined contribution plans

The company operates defined contribution pension schemes. The pension charge represents the amount payable by the company in respect of the period.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020.

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of goods	<u>61,182,686</u>	<u>65,531,525</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020	2019
	£	£
United Kingdom	40,757,790	49,095,590
Rest of Europe	17,526,780	13,234,274
Rest of World	<u>2,898,116</u>	<u>3,201,661</u>
	<u>61,182,686</u>	<u>65,531,525</u>

5. Other operating income

	2020	2019
	£	£
Government grant income	<u>348,664</u>	<u>—</u>

6. Operating loss

Operating loss is stated after charging:

	2020	2019
	£	£
Amortisation of intangible assets	400,465	369,963
Depreciation of tangible assets	475,321	493,942
Loss on disposal of tangible assets	17,016	—
Impairment of trade debtors	796,077	172,342
Operating lease rentals	<u>2,547,457</u>	<u>2,858,756</u>

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>103,819</u>	<u>219,116</u>

8. Staff costs

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

	2020	2019
	No.	No.
Marketing, buying, and quality control	47	61
Sales and administration	87	91
Warehouse	129	115
Management	<u>11</u>	<u>9</u>
	<u>274</u>	<u>276</u>

Lifetime Brands Europe Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

8. Staff costs (continued)

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

	2020	2019
	£	£
Wages and salaries	9,682,866	9,591,691
Social security costs	929,014	989,790
Other pension costs	400,580	425,760
	<u>11,012,460</u>	<u>11,007,241</u>

9. Directors' remuneration

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

	2020	2019
	£	£
Remuneration	702,790	594,063
Company contributions to defined contribution pension plans	52,699	54,127
	<u>755,489</u>	<u>648,190</u>

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

	2020	2019
	No.	No.
Defined contribution plans	<u>4</u>	<u>6</u>

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

	2020	2019
	£	£
Aggregate remuneration	334,979	259,563
Company contributions to defined contribution pension plans	24,644	23,006
	<u>359,623</u>	<u>282,569</u>

Four of the directors were remunerated through the company and their remuneration is disclosed above.

The other five directors who served during the year were remunerated by other group undertakings. The directors do not believe that it is practicable to apportion the remuneration of these directors between their services as directors of the company and their services to other group undertakings.

10. Other interest receivable and similar income

	2020	2019
	£	£
Other interest receivable and similar income	<u>960</u>	<u>-</u>

11. Interest payable and similar expenses

	2020	2019
	£	£
Interest on banks loans and overdrafts	<u>547,826</u>	<u>391,274</u>

Lifetime Brands Europe Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

12. Tax on loss**Major components of tax expense/(income)**

	2020 £	2019 £
Deferred tax:		
Origination and reversal of timing differences	1,412,379	(1,276,167)
Tax on loss	<u>1,412,379</u>	<u>(1,276,167)</u>

Reconciliation of tax expense/(income)

The tax assessed on the loss on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Loss on ordinary activities before taxation	(7,452,874)	(8,186,235)
Loss on ordinary activities by rate of tax	(1,416,046)	(1,555,385)
Effect of expenses not deductible for tax purposes	(15,084)	104,277
Effect of capital allowances and depreciation	27,496	23,177
Other timing differences	(6,076)	1,627
Effect of deferred tax measured at 17%	(166,162)	150,137
Deferred tax asset on trading losses not recognised	2,988,251	—
Tax on loss	<u>1,412,379</u>	<u>(1,276,167)</u>

Factors that may affect future tax expense

Finance (No 2) Act 2015 and Finance Act 2016 provided for reductions in the main rate of corporation tax to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020. Finance Act 2019 amended the main rate of corporation tax, which will now remain at 19%.

Finance Act 2021 will increase the main rate of corporation tax to 25% effective from 1 April 2023. This change was announced at the budget on 3 March 2021 and the Act received Royal Assent on 10 June 2021. Accordingly this rate change was not substantively enacted at 31 December 2020.

Lifetime Brands Europe Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

13. Intangible assets

	IT software £	Brand goodwill and licences £	Total £
Cost			
At 1 January 2020	1,771,457	500,000	2,271,457
Additions	110,550	—	110,550
At 31 December 2020	1,882,007	500,000	2,382,007
Amortisation			
At 1 January 2020	722,693	75,000	797,693
Charge for the year	350,465	50,000	400,465
At 31 December 2020	1,073,158	125,000	1,198,158
Carrying amount			
At 31 December 2020	808,849	375,000	1,183,849
At 31 December 2019	1,048,764	425,000	1,473,764

Brand goodwill & licences relates to the UK business of Maxwell & Williams. This asset is being amortised over 10 years to June 2028.

All amortisation of intangible assets is included in administrative expenses in the profit and loss account

14. Tangible assets

	Short leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2020	5,758,280	1,592,300	148,791	7,499,371
Additions	109,680	121,567	—	231,247
Disposals	(458,194)	(904,759)	(38,110)	(1,401,063)
At 31 December 2020	5,409,766	809,108	110,681	6,329,555
Depreciation				
At 1 January 2020	596,829	1,406,071	126,979	2,129,879
Charge for the year	351,401	116,425	7,495	475,321
Disposals	(458,194)	(878,920)	(33,564)	(1,370,678)
At 31 December 2020	490,036	643,576	100,910	1,234,522
Carrying amount				
At 31 December 2020	4,919,730	165,532	9,771	5,095,033
At 31 December 2019	5,161,451	186,229	21,812	5,369,492

Lifetime Brands Europe Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

15. Investments

	Shares in group undertakings £
Cost	
At 1 January 2020 and 31 December 2020	4,000
Impairment	
At 1 January 2020 and 31 December 2020	—
Carrying amount	
At 31 December 2020	4,000
At 31 December 2019	4,000

Subsidiaries, associates and other investments**Direct investments**

Investments in subsidiaries comprises a 100% holdings in Kitchen Craft (Asia) Limited, registered office: Hong Kong Managers and Secretaries Limited, Units 1607-1608, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, which was dormant throughout the period.

16. Stocks

	2020 £	2019 £
Finished goods and goods for resale	20,601,859	23,871,783

17. Debtors

	2020 £	2019 £
Trade debtors	21,521,788	23,677,131
Amounts owed by group undertakings	2,240,740	2,067,521
Deferred tax asset (see note 19)	—	1,412,379
Prepayments and accrued income	342,803	764,985
Corporation tax repayable	—	114,000
Other debtors	62,017	295,141
	24,167,348	28,331,157

Amounts owed by group undertakings are repayable on demand.

Lifetime Brands Europe Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

18. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	19,999,999	24,889,229
Trade creditors	7,507,714	5,151,488
Amounts owed to group undertakings	5,912,562	4,790,170
Accruals and deferred income	6,444,066	5,717,569
Social security and other taxes	2,342,179	294,482
Other creditors	40,752	217,616
	<u>42,247,272</u>	<u>41,060,554</u>

Amounts owed to group undertakings are repayable on demand.

Subsequent to the year end bank loans and overdraft borrowing have been replaced by direct loans from Lifetime Brands, Inc. The bank loan and overdraft facilities remain in place and available to the company.

19. Deferred tax

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

	2020	2019
	£	£
Included in debtors (note 17)	–	1,412,379
	<u>–</u>	<u>1,412,379</u>

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

	2020	2019
	£	£
Accelerated capital allowances	262,546	174,523
Unused tax losses	(262,546)	(1,586,902)
	<u>–</u>	<u>(1,412,379)</u>

A deferred tax asset of £262,546 is recognised only to the extent it matches deferred tax liabilities arising on accelerated capital allowances. Further deferred tax assets of £2,988,251 relating to losses carried forwards are not recognised due to uncertainty about the timing of future taxable profits. These amounts are calculated at 19%, the rate of UK corporation tax substantially enacted as at 31 December 2020.

20. Employee benefits**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £400,580 (2019: £425,760).

The total amount of employee and employer pension contributions unpaid and included in other creditors was £0 (2019: £53,741)

Lifetime Brands Europe Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

21. Government grants

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

	2020 £	2019 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>348,664</u>	<u>—</u>

22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2020 £	2019 £
Financial liabilities measured at fair value through profit or loss		
Currency purchase forward contracts	<u>—</u>	<u>136,758</u>

There were no forward contracts outstanding at 31 December 2020.

23. Called up share capital

Issued, called up and fully paid

	2020		2019
	No.	£	No.
	£		£
Ordinary shares of £1 each	<u>690,000</u>	<u>690,000</u>	<u>690,000</u>

24. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

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

25. Operating leases

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

	2020 £	2019 £
Not later than 1 year	2,015,582	1,885,524
Later than 1 year and not later than 5 years	7,890,685	6,626,529
Later than 5 years	14,505,750	16,125,310
	<u>24,412,017</u>	<u>24,637,363</u>

26. Contingencies

At 31 December 2020 there were contingent liabilities of £125,000 (2019 £125,000) in respect of HM Revenue & Customs guarantees. From 1 July 2013 the company entered into an agreement with HMRC relating to outstanding liabilities for the bonded warehouse. Based on current compliance, the directors do not expect any claims to be made against this agreement.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

27. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Thomas Plant (Birmingham) Holdings Limited, a company incorporated in England. The ultimate parent undertaking and controlling party is Lifetime Brands, Inc, which is incorporated in Delaware, United States of America.

Lifetime Brands, Inc. is the parent undertaking of the largest and smallest group undertaking to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Lifetime Brands, Inc. are available from 1000 Stewart Avenue, Garden City, New York 11530, United States of America.