

Online Home Retail Limited
Annual Report and Financial Statements
Registration number: 03852312
31 December 2022



Online Home Retail Limited

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Online Home Retail Limited

Company Information

Directors M Trevorrow
R Deards

Registered office Plumbworld
Millennium Court
Enterprise Way
Evesham
Worcestershire
WR11 1GS

Online Home Retail Limited

Strategic Report for the Year Ended 31 December 2022

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

Principal activity

The principal activity of the company is e-commerce retailing of bathroom related products.

Fair review of the business

The directors were very satisfied with the results of the company during the year. 2022 turnover increasing again by 14.2%. Gross margins remained stable at 32.6%. Tight cost control driven by a continued focus on improved technology saw profit before taxation of £5.0m (2021: £7.5m) delivered.

The key areas of focus of the business continue to be:

1. Driving strong organic growth through high ROI, targeted online marketing.
2. Widening margins through more effective product development, sourcing and pricing strategies
3. Improving efficiency of operating expenditure through automation and technology investment

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

| | Unit | 2022 | 2021 |
|------------------|------|------|------|
| Turnover | £m | 89.5 | 78.4 |
| Operating profit | £m | 5.6 | 7.2 |
| Operating margin | % | 6.2 | 9.2 |

On 8 April 2022, the ordinary share capital of SHIPEP Limited (the immediate parent undertaking) was purchased by Highbourne Group Limited. Highbourne Group Limited has experience in sales and distribution of plumbing and heating products.

Principal risks and uncertainties

The Company operates in markets and an industry which by their nature are subject to a number of inherent risks. The Company is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control which is routinely tested and assured. However, regardless of the approach that is taken, the Company must accept a certain level of risk in order to generate suitable returns for shareholders, and for that reason the risk management process is closely aligned to the Company's strategy.

The Group has a risk reporting framework that ensures it has visibility of the Company's key risks, the potential impacts on the Company and how and to what extent those risks are mitigated. As part of its risk management process, the principal risks stated in the risk register are reviewed, challenged and updated by the Group Board and monitored throughout the year. The Group's risk register is used to determine strategies adopted by the Group's various businesses to mitigate the identified risks and are embedded in their operating plans.

In common with most large organisations the Company is subject to general commercial risks; for example, political and economic developments, changes in the cost of goods for resale, increased competition in its markets and the threat of emerging and disruptive competitors, material failures in the supply chain, failure to secure supply of goods for resale on competitive terms, cyber-security breaches and failure of the IT infrastructure.

The risk environment in which the Company operates does not remain static. During the year, the Directors have reviewed the principal risks and have concluded that as the nature of the business and the environment in which it operates remain broadly the same, the principal risks it faces are largely unchanged.

The nature of risk is that its scope and potential impact will change over time. As such the list below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest themselves in the future. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, could also have an adverse effect on the Company's future operating results, financial condition or prospects.

Online Home Retail Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

The list below sets out, in no particular order, the current principal risks that are considered by the Board to be material. These key risks have been determined for the Group and are considered applicable to the Company.

- Implementation and operation of strategic plan for the Group
- Change management over both IT and non-IT related projects
- Effective adoption of an environmental, social and governance (ESG) strategy
- Decrease in demand due to macroeconomic conditions, including cost of living pressures
- Challenges in adopting and monitoring current and future regulations and legislation
- Data security or loss, or significant IT infrastructure failings
- Health and safety of employees and customers to branches
- Significant stock or warehouse site damage and security
- Appropriate implementation and use of data strategy
- Talent retention and recruitment
- Intellectual property management and protection
- Effective integration of existing and newly acquired business units
- Working capital and funding management.

S172 statement

Engaging with stakeholders

The Company, as part of the Group, is subject to and abides by all Group policies and procedures. The governance framework of the Group delegates authority for local decision making to the Company up to defined levels of cost and impact. Reports are regularly made to the Group Board by the business units about the strategy, performance and key decisions taken which provides the Group Board with assurance that proper consideration is given to stakeholder interests in decision making.

The Board of the Company places significant importance on the strength of its relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties, the Directors of the Company, and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Such considerations ensure the business is making decisions with a longer term view in mind and with the sustainable success of the business at its core.

Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. Details of the Company's key stakeholders and how we engage with them are set out below.

Shareholders

Our ultimate shareholder is H.I.G. Capital group, and we have an open dialogue through regular one-to-one meetings and reporting to the H.I.G. Capital Board. Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

Colleagues

Our people are key to the Company's success and we want them to be successful individually and as a team. We work hard to engage with and listen to our people in a number of different ways, including through colleague listening groups, surveys, regional groups and forums, sales boards, commercial and supply colleague groups and a weekly news publication. Key areas of focus include business updates, new products and services, health and wellbeing, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs.

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Strategic Report for the Year Ended 31 December 2022 (continued)

Engaging with stakeholders (continued)

Customers

Our Customers are primarily homeowners and retail end-users. We provide a range of quality products across all price ranges, including own-brand items, and an easy-to-use website for browsing and ordering. We offer attractive finance options through third-parties, and fast delivery to suit their needs. We operate a customer services team, and ask our customers to review their items, and to review our service on Trustpilot. Issues identified in our service are resolved through direct and timely contact with the customer.

Suppliers

We work with a large number of suppliers based around the world. We undertake risk assessments on all our suppliers as we recognise the importance of their role in our continued success. If an assessment deems a supplier high risk, this brings a higher level of monitoring and scrutiny to manage the relationship and the supply. Other suppliers are required to sign up to a statement of expectations. We work closely with our suppliers using innovation days to feed back market intelligence and to help inform the range for the following year. We have a number of own brand products and we pride ourselves on working closely with the manufacturers to ensure the integrity of the products we supply.

Communities and the environment

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. In consultation with our colleagues we select one main charity partner to work with across the business but also work with local charities and organisations at a site level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is taken into account with plans to reduce plastic packaging and usage where possible and research the potential use of electric vehicles to reduce the impact on the carbon emissions.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The business works closely with HMRC in relation to importing products and continues to build that relationship to ensure the ongoing operations. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

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Strategic Report for the Year Ended 31 December 2022 (continued)

Engaging with stakeholders (continued)

| Stakeholder | Stakeholder views | Conclusions |
|---------------------------|---|--|
| Shareholders | Our shareholder wants us to operate in the most cost effective way, thereby creating value for shareholders and ensuring the long term sustainable success of the company. | To ensure the long term sustainable success of the business it must operate in the most cost effective and efficient way. |
| Colleagues | Our colleagues want to be kept informed of changes to the business and to be listened to in relation to changes which will affect them and their teams. They also want the business to provide security and opportunities to develop. | The Group's focus is the support and safety of all our colleagues. Our people focus is to drive a culture of openness and transparency supported by our new corporate behaviours of 'Make it safe for everyone', 'Be the customer's choice', 'Create the future' and 'Grow stronger together'. |
| Customers | Our customers want propositions that work for them and for the business to operate in an ethical way. | Customers want to be able to access products in a safe environment. The Group continues to work with changing customer requirements and a shift to delivered sales. |
| Suppliers | Our suppliers want to have confidence that the business will continue to trade with them in the long term. | The business maintains close dialogue with its core suppliers as changes to the industry develop. |
| Communities | Our communities want our continued support with local causes and issues. They want us to be considerate of their local communities. | The Group has continued to raise funds and support charities and communities wherever possible in a safe and secure way. |
| Government and regulators | The government and regulators want us to operate in an ethical way and comply with laws and regulations. | The business must be compliant and cognisant of many regulations and legislation that apply to the business and be able to implement changes in a timely manner. |

Corporate responsibility

Environmental matters

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Company operates in accordance with Group policies. Initiatives designed to minimise the Company's impact on the environment include improving energy use efficiency, reducing the amount of CO₂ emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

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Strategic Report for the Year Ended 31 December 2022 (continued)

Corporate responsibility (continued)

Company employees

Details of the number of employees and related costs can be found in note 8 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company's employment policies have been designed to meet the needs of its business, and follow best practice whilst complying with both current and anticipated legislation. Applied consistently throughout the Company they provide a fair framework within which employees work.

The Company is firmly committed to ensuring that the manner in which it employs staff is fair and equitable. Its equal opportunities policy is designed to ensure that no person or group of individuals will be treated less favourably because of their race, colour, ethnic origin, gender or sexual orientation, age or disability.

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensure that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

Approved by the Board on 13th September 2023 and signed on its behalf by:



M. Trevorrow
Director

Online Home Retail Limited

Directors' Report for the Year Ended 31 December 2022

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

Directors of the company

The directors who held office during the year and subsequently were as follows:

J D Hickman (resigned 8 April 2022)

J E Pickering (resigned 8 April 2022)

M D Satterley (resigned 8 April 2022)

L R Brown (resigned 8 April 2022)

J D Eyles (resigned 8 April 2022)

G Barnes (appointed 8 April 2022, resigned 21 October 2022)

M Trevorrow (appointed 8 April 2022)

R Deards (appointed 21 October 2022)

Directors' liabilities

The Company made qualifying third party indemnity provisions for the benefit of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Going concern

The Directors have a reasonable expectation that the Company has the resources to continue in operational existence for at least twelve months from the date of signing these financial statements. Thus it continues to adopt the going concern assumption in preparing the annual financial statements. Further details regarding the going concern basis can be found in note 2 to the financial statements.

Dividends

The Directors do not recommend the payment of a dividend (2021: £nil).

Political donations

During the year, the Company made no political donations nor incurred any political expenditure (2021: £nil).

Employees

Details of the Company's policies on disabled employees and employee consultation are given in the Strategic report.

Modern slavery

The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

Corporate Governance

The Company is a wholly owned subsidiary of SHPEP Limited, a subsidiary of Highbourne Group Limited (the "Group"). Under the Companies (Miscellaneous Reporting) Regulations 2018 regulation 14, the Company is required to report on its governance arrangements. As a wholly owned subsidiary of a trading group, the Company does not consider it appropriate to report against the UK Corporate Governance Code or other governance codes. The Company is subject to and abides by the Group policies and procedures of Highbourne Group Limited.

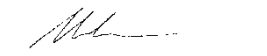
Online Home Retail Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Corporate Governance (continued)

Although the Company is a wholly owned subsidiary, the Board recognises the importance of good governance. Although the Company is a wholly owned subsidiary, the Board recognises the importance of good governance for the long-term sustainable success of the Company and ensures that the Company complies with all Group policies. The governance framework of the Group delegates authority for local decision making to the Company up to defined levels of cost and impact. The Company has set up its own governance framework within its delegated authority. The Board and senior management team meets on a monthly basis to oversee the development and implementation of strategy and to monitor the Company's performance. The Board delegates the management of certain operational matters to management committees and groups comprised of operational leaders and subject matter experts to support it in discharging its obligations. Reports are regularly made to the Group Board by the business about the strategy, performance and key decisions taken by the Company which provides the Group Board with assurance that the Company is being operated in accordance with the Group governance framework and Group policies.

Approved by the Board on 13th September 2023 and signed on its behalf by:



M. Trevorrow
Director

Online Home Retail Limited

Statement of Directors' responsibilities

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

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

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

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

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

Online Home Retail Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 December 2022

| | <i>Note</i> | 2022 | 2021 |
|--|-------------|-------------|--------|
| | | £m | £m |
| Turnover | 3 | 89.5 | 78.4 |
| Cost of sales | | (60.4) | (52.8) |
| Gross profit | | 29.1 | 25.6 |
| Distribution costs | | (2.5) | (2.3) |
| Administrative expenses | | (21.0) | (16.2) |
| Operating profit | 4 | 5.6 | 7.1 |
| Other interest receivable and similar income | 5 | - | 1.0 |
| Interest payable and similar charges | 6 | (0.4) | (0.1) |
| Adjusting items | 7 | (0.2) | (0.5) |
| Profit before tax | | 5.0 | 7.5 |
| Taxation | 11 | (0.8) | (1.6) |
| Profit for the financial year | | 4.2 | 5.9 |
| Retained earnings brought forward | | 9.3 | 7.4 |
| Profit for the financial year | | 4.2 | 5.9 |
| Dividends paid to parent | | - | (4.0) |
| Retained earnings carried forward | | 13.5 | 9.3 |

Online Home Retail Limited

Balance Sheet as at 31 December 2022

| | <i>Note</i> | 2022 £m | 2021 £m |
|--|-------------|--------------------------|-------------------|
| Fixed assets | | | |
| Intangible assets | <i>12</i> | 0.8 | 0.6 |
| Tangible assets | <i>13</i> | 1.7 | 2.0 |
| | | 2.5 | 2.6 |
| Current assets | | | |
| Stocks | <i>15</i> | 14.7 | 15.4 |
| Debtors | <i>16</i> | 7.1 | 6.3 |
| Cash at bank and in hand | | 1.1 | 1.7 |
| | | 22.9 | 23.4 |
| Creditors: amounts falling due within one year | <i>17</i> | (11.6) | (16.4) |
| Net current assets | | 11.3 | 7.0 |
| Total assets less current liabilities | | 13.8 | 9.5 |
| Deferred tax liabilities | <i>18</i> | (0.3) | (0.2) |
| Net assets | | 13.5 | 9.3 |
| Capital and Reserves | | | |
| Called-up share capital | <i>21</i> | - | - |
| Profit and loss account | | 13.5 | 9.3 |
| Shareholders' funds | | 13.5 | 9.3 |


For the year ended 31 December 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the "Act") relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 12 to 23 form an integral part of these financial statements.

These financial statements were approved and authorised by the Board on 13th September 2023 and signed on its behalf by:



M. Trevorrow
Director

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

Online Home Retail Limited is a private company incorporated, domiciled and registered in England within the United Kingdom under the Companies Act 2006. The registered number is 03852312 and the address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £0.1m.

Summary of disclosure exemptions

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to the preparation of a statement of cash flows, financial instruments and key management compensation.

Name of parent of group

These financial statements are consolidated in the financial statements of SHPEP Limited.

The financial statements of SHPEP Limited may be obtained from Millennium Court, Enterprise Way, Evesham, Worcestershire, WR11 1GS.

Going concern assessment by the Directors of the Company

The Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual report and financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- that the Company has produced cash flow forecasts and revenue projections which are included in those of the Group, and these present a positive outlook for both the Group and Company;
- reasonable potential changes in trading performance, including ongoing supply chain challenges;
- the committed facilities available to the Group and the covenants thereon;
- the Group's robust policies towards liquidity and cash flow management;
- the Group management's ability to successfully manage the principal risks and uncertainties during periods of uncertain economic outlook and challenging macro-economic conditions.

The Group going concern assessment was completed for the Group accounts published on 26 May 2023. The Directors have made appropriate inquiries of the Group up to the date of signing these financial statements and have not identified any matters which impact their conclusion regarding the ability of the Group to continue as a going concern.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern assessment by the Directors of the Company (continued)

Melbourne Midco Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

Exemption from preparing group accounts

The financial statements contain information about Online Home Retail Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, SHPEP Limited, a company incorporated in England, UK.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is provided on tangible fixed assets on a straight-line basis to write off the cost of those assets over their estimated useful lives. The principal rates of depreciation are:

| Asset class | Depreciation method and rate |
|------------------------|---|
| Leasehold improvements | 12.5% straight line or over the life of the lease |
| Plant and machinery | 12.5% straight line |
| Furniture and fittings | 10% straight line |
| Computer equipment | 20% straight line |
| Motor vehicles | 25% straight line |

Intangible fixed assets - other

Intangible fixed assets are shown at historical cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible fixed assets on a straight-line basis so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation rate |
|---------------------|-------------------|
| Website development | 20% per annum |

Trade and other debtors / creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. 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.

Derivative financial instruments and hedging

Derivatives

Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

Hedging

Forward currency contracts are used for hedging purposes. Hedge accounting has not been applied.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in the profit and loss account.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised at the lower of their fair value at the inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is recognised as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge, including UK corporation tax and foreign tax, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference. Deferred tax relating to tangible fixed assets measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Employee benefits

Defined contribution plans and other long-term employee benefits

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

Revenue recognition

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

Share capital

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Judgements

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

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

| | 2022 | 2021 |
|---------------|------|------|
| | £m | £m |
| Sale of goods | 89.5 | 78.4 |

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Operating profit

Arrived at after charging / (crediting)

| | 2022 | 2021 |
|------------------------|-------|------|
| | £m | £m |
| Depreciation expense | 0.5 | 0.4 |
| Amortisation expense | 0.2 | 0.1 |
| Foreign exchange gains | (0.7) | - |

5 Interest receivable

| | 2022 | 2021 |
|---|------|------|
| | £m | £m |
| Net changes in fair value of derivative financial instruments | - | 1.0 |
| | - | 1.0 |

6 Interest payable and similar expenses

| | 2022 | 2021 |
|---|------|------|
| | £m | £m |
| Interest on bank overdrafts and borrowings | - | 0.1 |
| Net changes in fair value of derivative financial instruments | 0.4 | - |
| | 0.4 | 0.1 |

7 Adjusting items

| | 2022 | 2021 |
|--|------|------|
| | £m | £m |
| Fees associated with preparing the business for sale | - | 0.5 |
| One off cost of living payment | 0.1 | - |
| Redundancy and restructure costs | 0.1 | - |
| | 0.2 | 0.5 |

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2022 | 2021 |
|--|------|------|
| | £m | £m |
| Wages and salaries | 5.2 | 4.6 |
| Social security costs | 0.5 | 0.4 |
| Pension costs, defined contribution scheme | 0.1 | 0.1 |
| | 5.8 | 5.1 |

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

| | 2022 | 2021 |
|----------------------------|------|------|
| | No. | No. |
| Administration and support | 80 | 63 |
| Distribution | 80 | 66 |
| Other departments | 5 | 5 |
| | 165 | 134 |

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Directors' remuneration

Three (2021: none) of the Directors were paid by other group companies and received total emoluments (including non-performance related bonuses) of £0.5m (2021: £nil), pension contributions of £0.0m (2021: £nil) and performance-related bonus of £nil (2021: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered.

During the year, no Directors (2021: none) were members of a defined benefit pension scheme, and three (2021: none) are contributing towards the Group's defined contribution scheme, which is paid by other group companies.

No Directors exercised share options during the year (2021: none).

The directors' remuneration for the year (including that paid by other group companies) was as follows:

During the year the number of directors who are receiving benefits and share incentives was as follows:

| | 2022 No. | 2021 No. |
|---|-------------|-------------|
| Accruing benefits under money purchase pension scheme | 8 | 5 |

In respect of the highest paid director paid directly by the Company:

| | 2022 £m | 2021 £m |
|------------------|------------|------------|
| Salary | 0.1 | 0.3 |
| Other emoluments | 0.1 | - |
| | <u>0.2</u> | <u>0.3</u> |

10 Auditors' remuneration

| | 2022 £m | 2021 £m |
|-----------------------------------|------------|------------|
| Audit of the financial statements | - | - |

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Taxation

Tax charged in the income statement:

| | 2022 £m | 2021 £m |
|--|------------|------------|
| Current tax | | |
| UK corporation tax | 0.8 | 1.6 |
| UK corporation tax adjustment to prior periods | (0.1) | - |
| | <u>0.7</u> | <u>1.6</u> |
| Deferred tax | | |
| Charge/(credit) for current year | 0.1 | (0.1) |
| Charge in respect of rate change | - | 0.1 |
| | <u>0.1</u> | <u>-</u> |
| Total tax | <u>0.8</u> | <u>1.6</u> |

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021: higher than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

| | 2022 £m | 2021 £m |
|---|------------|------------|
| Profit before taxation | 5.0 | 7.6 |
| Tax using the UK corporation tax rate of 19% | 0.8 | 1.4 |
| Non-deductible expenses | 0.1 | 0.1 |
| Adjustments in respect of previous years | (0.1) | - |
| Effect of capital allowances and depreciation | - | 0.1 |
| Total tax expense included in profit or loss | <u>0.8</u> | <u>1.6</u> |

The deferred tax liability is made up as follows:

| | Liability £m |
|----------------------------|-----------------|
| 2022 | |
| Accelerated tax allowances | 0.4 |
| Provisions | <u>(0.1)</u> |
| | <u>0.3</u> |
| 2021 | |
| Accelerated tax allowances | 0.2 |
| Provisions | <u>-</u> |
| | <u>0.2</u> |

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Intangible assets

| | Internally generated website development costs £m | Total £m |
|---------------------------------|--|-------------|
| Cost | | |
| Balance at 1 January 2022 | 0.7 | 0.7 |
| Additions | 0.4 | 0.4 |
| Balance at 31 December 2022 | 1.1 | 1.1 |
| Accumulated depreciation | | |
| Balance at 1 January 2022 | 0.1 | 0.1 |
| Charge for the year | 0.2 | 0.2 |
| Balance at 31 December 2022 | 0.3 | 0.3 |
| Net book value | | |
| At 31 December 2022 | 0.8 | 0.8 |
| At 31 December 2021 | 0.6 | 0.6 |

13 Tangible assets

| | Leasehold building improvements £m | Plant, machinery and vehicles £m | Computer equipment, fixtures and fittings £m | Total £m |
|---------------------------------|---|--|--|-------------|
| Cost | | | | |
| Balance at 1 January 2022 | 1.0 | 1.1 | 1.2 | 3.3 |
| Additions | 0.1 | - | 0.2 | 0.3 |
| Disposals | (0.2) | - | - | (0.2) |
| Balance at 31 December 2022 | 0.9 | 1.1 | 1.4 | 3.4 |
| Accumulated depreciation | | | | |
| Balance at 1 January 2022 | 0.2 | 0.4 | 0.6 | 1.2 |
| Charge for the year | 0.1 | 0.2 | 0.2 | 0.5 |
| Eliminated on disposal | - | - | - | - |
| Balance at 31 December 2022 | 0.3 | 0.6 | 0.8 | 1.7 |
| Net book value | | | | |
| At 31 December 2022 | 0.6 | 0.5 | 0.6 | 1.7 |
| At 31 December 2021 | 0.8 | 0.7 | 0.6 | 2.0 |

Included within the net book value of land and buildings above is £0.6m (2021: £0.8m) in respect of short leasehold land and buildings.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Investments

| | 2022 £m |
|--------------------------------------|------------|
| Subsidiaries | |
| Balance at 1 January and 31 December | - |

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking | Registered office | Holding | Proportion of voting rights and shares held | |
|-------------------------|---|-----------------|---|------|
| | | | 2022 | 2021 |
| Subsidiary undertakings | | | | |
| Plumbworld Limited | Millennium Court Enterprise Way Evesham Worcestershire WR11 1GS UK | Ordinary shares | 100% | 100% |

The principal activity of Plumbworld Limited is not relevant, being a dormant company.

15 Stocks

| | 2022 £m | 2021 £m |
|------------------|------------|------------|
| Goods for resale | 14.7 | 15.4 |

Stocks are stated after provisions for impairment of £0.1m (2021: £0.1m).

16 Debtors

| | 2022 £m | 2021 £m |
|------------------------------------|------------|------------|
| Amounts owed by Group undertakings | 4.0 | 3.9 |
| Other debtors | 2.2 | - |
| Prepayments | 0.9 | 2.0 |
| Other current assets | - | 0.4 |
| | <u>7.1</u> | <u>6.3</u> |

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Creditors

| | 2022 | 2021 |
|---------------------------------|------|------|
| | £m | £m |
| Due within one year | | |
| Loans and borrowings (note 19) | - | 0.4 |
| Trade creditors | 8.7 | 10.6 |
| Social security and other taxes | 0.5 | 1.1 |
| Accruals | 1.8 | 3.3 |
| Corporation tax liability | 0.3 | 1.1 |
| Other creditors | 0.3 | - |
| | 11.6 | 16.4 |

18 Provision for liabilities

| | Deferred tax | Total |
|------------------------------------|--------------|------------|
| | £m | £m |
| At 1 January 2022 | 0.2 | 0.2 |
| Increase in existing provisions | 0.1 | 0.1 |
| Balance at 31 December 2022 | 0.3 | 0.3 |

19 Loans and borrowings

| | 2022 | 2021 |
|-------------------------------------|------|------|
| | £m | £m |
| Current loans and borrowings | | |
| Bank borrowings | - | 0.4 |

Bank borrowings

The Arbuthnot asset based loan is denominated in GBP with a nominal interest rate of base + 3.5%. The loan has been settled during the year and the carrying amount at year end is £nil (2021: £0.1m).

The loan is secured over the stock held by the company and the maximum facility limit is £3,500,000.

The Arbuthnot cashflow loan facility is denominated in GBP with a nominal interest rate of base + 4.5%. The loan has been settled during the year and the carrying amount at year end is £nil (2021: £0.3m).

The loan is secured over the stock held by the company.

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £0.1m (2021: £0.1m).

No contributions (2021: none) were payable to the scheme at the end of the year.

21 Share capital

Allotted, called up and fully paid shares

| | 2022 | | 2021 | |
|--|-------|-------|-------|-------|
| | No. | £ | No. | £ |
| Allotted, called up and fully paid shares | | | | |
| Ordinary shares of £1 each | 1,250 | 1,250 | 1,250 | 1,250 |

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

22 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

| | 2022 | 2021 |
|----------------------------|------|------|
| | £m | £m |
| Less than one year | 0.7 | 0.5 |
| Between one and five years | 1.0 | 1.5 |
| More than five years | 0.4 | 0.6 |
| | 2.1 | 2.6 |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £0.5m (2021: £0.5m).

23 Related party transactions

Loans from the company to directors totalled less than £0.1m for the year ended 31 December 2022, with movements detailed below:

| 2022 | At 1 January 2022 | Repayments by director | At 31 December 2022 |
|--|----------------------|---------------------------|------------------------|
| | £ | £ | £ |
| J D Eyles | | | |
| Loan from the company (interest payable at 1.75% pa) | 2,745 | (2,585) | 160 |
| | | | |
| 2021 | At 1 January 2021 | Repayments by director | At 31 December 2021 |
| | £ | £ | £ |
| J D Eyles | | | |
| Loan from the company (interest payable at 1.75% pa) | 8,835 | (6,090) | 2,745 |

24 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is SHPEP Limited, a subsidiary of Highbourne Group Limited. SHPEP Limited is the parent of the smallest group to consolidate these financial statements. Copies of the SHPEP Limited consolidated financial statements can be obtained from the registered office address on page 1.

The parent undertaking of the largest group to consolidate these financial statements is Melbourne Topco Limited, a company registered in England and Wales in the United Kingdom. Copies of the Melbourne Topco Limited consolidated financial statements can be obtained from 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, United Kingdom, M3 5GS.

The ultimate parent undertakings of the company are jointly H.I.G. Europe Middle Market Holdings L.P., and H.I.G. Europe Capital Partners III Holdings L.P., both registered in Canada.