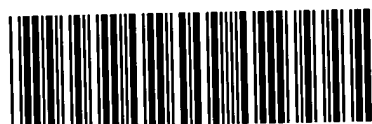


Company Registration No. 03879828 (England and Wales)

JOTUL (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

FRIDAY



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31/08/2018
COMPANIES HOUSE

JOTUL (UK) LIMITED

COMPANY INFORMATION

Directors	Mr R Christensen Mr N A Brunborg Mr L Jonassen Mr O Sandnes	(Appointed 23 November 2017) (Appointed 23 November 2017) (Appointed 23 November 2017)
Secretary	Gray's Inn Secretaries Limited	
Company number	03879828	
Registered office	The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1FE	
Auditor	Ormerod Rutter Limited Statutory Auditor The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY	
Bankers	Nordea Bank Finland Plc City Place House 55 Basinghall St London EC2V 5NB	

JOTUL (UK) LIMITED

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JOTUL (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Review Of Business

The directors are satisfied with the financial results for the year and with the financial position at the year end as presented within the financial statements.

Turnover has fallen slightly when compared to 2016 with very little impact on the overall result.

Overall the directors are pleased with the performance of the company given the local economic conditions and uncertainty prevalent throughout the UK during the year.


Principal Risks and Uncertainties

The company's risk management process includes an assessment of the likelihood and potential impact of a range of events to determine the overall risk level and to identify actions necessary to mitigate their impact. The following risks have been identified as ones which could have a material impact on the future financial performance of the company and cause results to differ materially from expected and historical results. Additional risks not currently known or which are regarded as immaterial could also affect future performance.

Market and customer related risk

The company supplies to a market which is affected by macro-economic conditions and consumer demand. The company mitigates these risks by seeking to reduce its cost base and adapt to market conditions when adverse market events occur and by monitoring its credit exposures.

On behalf of the board



Mr R Christensen

Director

06/8/18

JOTUL (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of the import and distribution of heating appliances.

Directors

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

Mr N Sloane	(Deceased 22 August 2017)
Mr R Christensen	
Mr E Zapffe	(Resigned 9 January 2017)
Mr N A Brunborg	(Appointed 23 November 2017)
Mr L Jonassen	(Appointed 23 November 2017)
Mr O Sandnes	(Appointed 23 November 2017)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

The directors are looking forward to another profitable year in 2018.

Auditor

The auditor, Ormerod Rutter Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JOTUL (UK) LIMITED

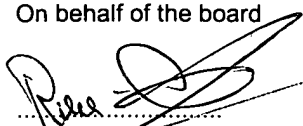
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of disclosure to auditor

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

On behalf of the board



Mr R Christensen

Director

6/8/18

JOTUL (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOTUL (UK) LIMITED

Opinion

We have audited the financial statements of Jotul (UK) Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, 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 state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

JOTUL (UK) LIMITED

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Garry Rutter FCA (Senior Statutory Auditor)
for and on behalf of Ormerod Rutter Limited

16/8/18

Chartered Accountants
Statutory Auditor

Statutory Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

JOTUL (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	3,286,339	3,544,575
Cost of sales		(2,367,040)	(2,588,901)
Gross profit		<u>919,299</u>	<u>955,674</u>
Administrative expenses		(840,488)	(868,084)
Operating profit	4	<u>78,811</u>	<u>87,590</u>
Interest payable and similar expenses	8	(36)	-
Profit before taxation		<u>78,775</u>	<u>87,590</u>
Tax on profit	9	(17,843)	(18,549)
Profit for the financial year		<u><u>60,932</u></u>	<u><u>69,041</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

JOTUL (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Profit for the year	60,932	69,041
Other comprehensive income	-	-
Total comprehensive income for the year	<u>60,932</u>	<u>69,041</u>


JOTUL (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	10		28,833		28,404
Tangible assets	11		47,451		87,217
			<u>76,284</u>		<u>115,621</u>
Current assets					
Stocks	12	710,597		577,408	
Debtors	13	679,190		749,239	
Cash at bank and in hand		648,174		163,292	
		<u>2,037,961</u>		<u>1,489,939</u>	
Creditors: amounts falling due within one year	14	(874,380)		(420,464)	
Net current assets			<u>1,163,581</u>		<u>1,069,475</u>
Total assets less current liabilities			<u>1,239,865</u>		<u>1,185,096</u>
Provisions for liabilities	15		(8,667)		(14,830)
Net assets			<u><u>1,231,198</u></u>		<u><u>1,170,266</u></u>
Capital and reserves					
Called up share capital	18	200,000		200,000	
Profit and loss reserves		1,031,198		970,266	
Total equity			<u><u>1,231,198</u></u>		<u><u>1,170,266</u></u>

The financial statements were approved by the board of directors and authorised for issue on 6/8/18 and are signed on its behalf by:



Mr R Christensen
Director

Company Registration No. 03879828

JOTUL (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2016	200,000	901,225	1,101,225
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	69,041	69,041
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	200,000	970,266	1,170,266
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	60,932	60,932
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	<u>200,000</u>	<u>1,031,198</u>	<u>1,231,198</u>

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Jotul (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1FE.

1.1 Accounting convention

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Ratos AB. These consolidated financial statements are available from its registered office. Drottninggatan 2 Box 1661 SE-111 96 Stockholm, Sweden.

1.2 Going concern

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

1.3 Turnover

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

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Amortisation is charged over its expected useful life once the project has been completed.

1.5 Tangible fixed assets

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

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

Leasehold improvements	20% on cost
Plant and equipment	33.33% on cost and 10% on cost
Fixtures and fittings	20% on cost and 10% on cost
Exhibition costs	33% on cost

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

1.6 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.7 Stocks

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

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

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

1.8 Cash and cash equivalents

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.9 Taxation

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

Current tax

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

Deferred tax

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

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

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

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

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
UK	3,286,339	3,544,575

4 Operating profit

Operating profit for the year is stated after charging:

	2017 £	2016 £
Depreciation of owned tangible fixed assets	45,906	53,542
Amortisation of intangible assets	4,000	4,000
Cost of stocks recognised as an expense	2,367,040	2,588,901

5 Auditor's remuneration

Fees payable to the company's auditor and associates:

	2017 £	2016 £
For audit services		
Audit of the financial statements of the company	4,100	4,070

6 Employees

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

	2017 Number	2016 Number
Administration	5	5
Works	5	5
	10	10

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	362,949	384,072
Social security costs	39,331	43,539
Pension costs	16,215	15,234
	418,495	442,845

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	84,042	122,960
Company pension contributions to defined contribution schemes	11,269	12,685
	<u>95,311</u>	<u>135,645</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	<u>36</u>	<u>-</u>

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	25,255	25,652
Adjustments in respect of prior periods	(1,250)	-
Total current tax	<u>24,005</u>	<u>25,652</u>
Deferred tax		
Origination and reversal of timing differences	<u>(6,162)</u>	<u>(7,103)</u>
Total tax charge	<u>17,843</u>	<u>18,549</u>

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	78,775	87,590
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	15,162	17,518
Tax effect of expenses that are not deductible in determining taxable profit	1,896	1,194
Depreciation on assets not qualifying for tax allowances	7,427	6,940
Amortisation on assets not qualifying for tax allowances	770	-
Under/(over) provided in prior years	(1,250)	-
Deferred tax movement	(6,162)	(7,103)
Taxation charge for the year	17,843	18,549

10 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2017	67,265
Additions - internally developed	4,429
At 31 December 2017	71,694
Amortisation and impairment	
At 1 January 2017	38,861
Amortisation charged for the year	4,000
At 31 December 2017	42,861
Carrying amount	
At 31 December 2017	28,833
At 31 December 2016	28,404

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Exhibition costs £	Total £
Cost					
At 1 January 2017	56,397	284,246	105,818	17,450	463,911
Additions	-	890	5,250	-	6,140
At 31 December 2017	56,397	285,136	111,068	17,450	470,051
Depreciation and impairment					
At 1 January 2017	56,232	208,148	94,864	17,450	376,694
Depreciation charged in the year	124	42,842	2,940	-	45,906
At 31 December 2017	56,356	250,990	97,804	17,450	422,600
Carrying amount					
At 31 December 2017	41	34,146	13,264	-	47,451
At 31 December 2016	165	76,098	10,954	-	87,217

12 Stocks

	2017 £	2016 £
Finished goods and goods for resale	710,597	577,408

13 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	594,567	665,500
Amounts owed by group undertakings	7,838	13,405
Other debtors	20,406	6,757
Prepayments and accrued income	56,379	63,577
	679,190	749,239

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	15,691	6,278
Amounts due to group undertakings	750,596	277,236
Corporation tax	25,255	25,652
Other taxation and social security	70,731	87,310
Other creditors	948	-
Accruals and deferred income	11,159	23,988
	<u>874,380</u>	<u>420,464</u>

15 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	16	<u>8,667</u>	<u>14,830</u>

16 Deferred taxation

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

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	<u>8,667</u>	<u>14,830</u>
Movements in the year:		2017 £
Liability at 1 January 2017		14,830
Credit to profit or loss		(6,163)
Liability at 31 December 2017		<u>8,667</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

JOTUL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	16,215	15,234

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
200,000 Ordinary shares of £1 each	200,000	200,000
	200,000	200,000

19 Operating lease commitments

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

	2017	2016
	£	£
Within one year	55,050	62,547
Between two and five years	89,927	144,976
	144,977	207,523

20 Related party transactions

Transactions with related parties

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

21 Controlling party

The directors consider that the holding company is Jotul AS, a company registered in Norway.

The company's ultimate controlling entity is OpenGate Capital, LLC, a company registered in the USA, following its acquisition of a controlling share in Jotul AS on 5 March 2018.