COSENTINO UK LIMITED

Annual Report and Financial Statements

Registered number 04331797

31 December 2021

Contents

Strategic Report

Business review and future developments

During 2021 the company has obtained a 39% increase in revenue to £85,764,002 (2020: £61,578,533). This revenue is even higher than the revenue of £73,106,158 in 2019 (before COVID-19 pandemic). The recovery during 2021 was exceptional due to national increase in demand and to good company management. We strongly believe the company continues to have excellent prospects for future years. Significant revenue growth continues in 2022.

Key performance Indicators

The company's key performance indicators are sales and profit before tax. Our main product Silestone, has increased 41% from last year and sales of our product Dekton have increased 67% from 2020. Dekton continues to increase in our brand mix and represented 14% of sales (12% in 2020). We expect this trend to continue for the future. The average number of persons employed by Cosentino UK remained stable.

Future Risks and uncertainties

The main challenge faced by the company is that of continued, highly volatile, and ever-increasing raw material, utilities and logistical costs. We need to continue to increase sales of Dekton, which we are successful with, and to combat the continued numbers of Far East quartz manufacturers. The differentiation of our Silestone product as a hybrid mineral surface is a huge benefit in maintaining market share against this competition. Despite these ongoing challenges, the good performance of our figures is a key indicator that demand for our products is still very healthy.

Financial risk management

The main financial risks that the company faces in its operations are: Foreign exchange risks, interest rate risk, credit risk and liquidity risk. The company has policies in place to minimise the risk.

Cosentino UK is a subsidiary of Cosentino Group which Head Quarters are located in Spain. Risks are managed by the Group's Financial Planning Department in accordance with the directives handed down by senior management. This department identifies, assesses, and mitigates financial risks under direct supervision from senior management, whose approval is required, particularly with respect to contracting and using different financial derivatives

Foreign exchange risks
Group Corporate Finance uses derivative financial instruments to mitigate its exposure to finance risks derived from interest rate and exchange rate fluctuations.

Interest rate risk
Cosentino Group actively manages its exposure to the risk of changes in interest rates in order to mitigate its exposure to this risk, which arises from borrowing at floating rates. Cosentino UK Ltd. only has a credit facility with a Group Company.

Credit risks
Cosentino UK has the necessary policies in place to minimise the risk of late payment and default, using granting procedures, credit monitoring and control and debt instruments to ensure collection of trade receivables.

Liquidity risk
Cosentino UK is exposed to liquidity risks, including the risk that borrowing facilities are not available to meet cash requirements and the risk that financial assets cannot readily be converted to cash without loss of value.

Each year the Group Corporate Finance department draws up a three-year financial plan, which is approved by Senior Management, addressing all the financial requirements and the manner in which they will be met. Cash requirements are foreseen sufficiently in advance. These include expected CAPEX payments, payments on matured debt and working capital requirements.

Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006

In discharging our section 172 duties, directors are required to have regard, among other matters, to the likely consequences of any decisions in the long-term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly between members of the Company.

In addition to the above, we also have regarded other factors, which we consider relevant to the decision being made. Those factors include the interests and views of Cosentino UK Limited's stakeholders and our relationship with regulators. The Directors acknowledge that every decision it makes will not necessarily result in a positive outcome for all of the Company's stakeholders. By considering the Company's purpose and values, together with its strategic priorities and having a process in place for decision-making, the Directors do however aim to make sure that its decisions are consistent and predictable.

Customers
The Company seeks to build relationships with its customers through regular face to face meetings, key account management through our Salesforce CRM system, detailed discussions regarding our ongoing plans, sales reviews, product launches and in particular our, and their, Health & Safety and Environmental obligations and standards. We provide regular training sessions for our portfolio of products with a focus on benefits, sustainability, and the future development trends of our products. We regularly update through news bulletins and direct marketing correspondence.
Suppliers
The Company engages with our suppliers through regular contact and ensuring that our required quality standards are always complied with. We engage in regular face to face meetings as and when required to ensure that both our, and the supplier's business needs are met. For our principal supplier and parent company, Grupo Cosentino SL, we are in constant discussions as to how to best meet the ongoing requirements of the UK business and in particular the products to meet our customer demands. Regular update meetings and discussions amongst all group Directors is undertaken and essential to our ongoing success.
Shareholder
The shareholder, Grupo Cosentino SL is in constant contact with the Company engaging on the plans for the year and sharing information and best practice.
Employees
Our employees are fundamental to the success of the business. The Company is committed to a policy of equal opportunities for all employees. The Company's policy is to treat disabled people on the same basis as all other employees in relation to employment, career development, promotion, and training. Employee involvement in meeting the Company's aims is encouraged at all levels through communication, consultation, and the employee suggestion scheme.
The management of risks is referred to in an earlier section of this report.
Every year the Company reviews its policies to ensure that these are consistent with the long-term business aims including its environmental policy. The company looks for and implements ways of reducing its impact on the environment and holds the ISO14001 accreditation. In this way, the Company seeks to build its reputation within local communities and country as a whole.

Greenhouse gas emissions, energy consumption and energy efficiency
Important improvements were made to change our electricity consumption model in UK from fossil origin to renewable origin. Cosentino UK closed several contracts in 2020 and 2021 with our electric energy suppliers to eventually start consuming electricity 100% from renewable origins, such a as wind power, solar, etc.
This 100% renewable origin is certified by our suppliers.

The details of the signed contracts during the last two years and the starting dates are:

	Start date (new contracts)
Essex/ East London	01.12.2021
Gloucester	01.12.2020
Hook	01.12.2021
Manchester	01.12.2021
London City	01.12.2020
Darlington	01.12.2021
Livingston	01.08.2020

UK Energy consumed:	**31 December 2020 Units**	
Electricity used	277,050	kWh
Gas combustion	177,804	kWh
Fuel consumption	390,694	litres

UK Emissions from:	**31 December 2020 Tonnes CO2**
Scope 1 (Direct)	1,082.83
Scope 2 (Energy Indirect)	64.59
Scope 3 (Other indirect)	0.15

Company's Chosen Intensity Measurement	**31 December 2020 Ratio**
Total CO2 emissions per £m Revenue	18.64

UK Energy consumed:	**31 December 2021 Units**	
Electricity used	320,059	kWh
Gas combustion	163,136	kWh
Fuel consumption	540,145	litres

UK Emissions from:	**31 December 2021 Tonnes CO2**
Scope 1 (Direct)	1,491.83
Scope 2 (Energy Indirect)	67.96
Scope 3 (Other indirect)	0.12

Company's Chosen Intensity Measurement	**31 December 2021 Ratio**
Total CO2 emissions per £m Revenue	18.35

Consumption data for Scope 1 and 2 was determined by using invoices and annual statements from suppliers
Emissions were determined by applying the UK government conversion factors to the energy consumption values and aggregating the total.
Consumption origin data for Scope 3 emissions calculation based on Cosentino´s annual CO2e Footprint verified Calculation

DocuSigned by:
Paul Gidley
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By order of the board
Mr P Gidley
Director
5th December 2022

Directors' Report

Directors

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

Mr Eduardo Martinez-Cosentino Alfonso
Mr Pedro Javier Parra Uribe
Mr Paul Gidley

Mr Eduardo Martinez-Cosentino Alfonso resigned as Director of the company with effect July 1st 2021.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Proposed dividend

The directors do not recommend the payment of a dividend (2020: £4,000,000).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

DocuSigned by:
Paul Gidley
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Mr P Gidley
Director
Register Number: 04331797

Unit 10 Bartley Point
Osborn Way
Hook
Hampshire
RG27 9GX

5th December 2022

Statement of Directors' responsibilities in respect of the Annual Report, Strategic Report, the Directors' Report and the Financial Statements.

The directors are responsible for preparing Annual Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSENTINO UK LIMITED

Opinion

We have audited the financial statements of Cosentino UK Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and other management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets or management.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Assessing whether revenue transactions in either side of the balance sheet date, are recorded in the correct period by vouching a sample of transactions to the supporting documentation to ensure the revenue recognition criteria was met for revenue recognised in each period.
- Assessing whether post year end credit notes have been accounted for in the correct period.
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual accounts pairings and material post close journals.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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.

NehaShah

Neha Shah (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
RH11 9PT

5th December 2022

Profit and loss account

for the year ended 31 December 2021

	Note	**2021** **£000**	2020 £000
Turnover	*2*	**85,764**	61,579
Cost of sales		**(69,659)**	(47,855)
Gross profit		**16,105**	13,724
Administrative expenses	*3*	**(12,723)**	(10,973)
Operating profit		**3,382**	2,751
Interest payable and similar charges	*6*	**(557)**	(991)
Profit before taxation		**2,825**	1,760
Tax on profit	*7*	**(723)**	(343)
Profit after taxation		**2,102**	1,417

There are no other comprehensive income or expense than those shown above for the year, the whole of which were derived from continuing activities.

The notes on pages 14 to 29 form part of these financial statements.

Balance Sheet

at 31 December 2021

	Note	**2021**		2020	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*8*	**10,089**		9,975	
			10,089		9,975
Current assets					
Stocks	*9*	**14,688**		14,042	
Debtors	*10*	**15,886**		15,119	
Cash at bank and in hand		**1,752**		3,340	
		32,326		32,501	
Creditors: amounts falling due within one year	*11*	**(17,198)**		(20,082)	
Net current assets			**15,128**		**12,419**
Total assets less current liabilities			**25,217**		**22,394**
Creditors: amounts falling due after more than one year	*12*		**(11,498)**		**(10,777)**
Net assets			**13,719**		**11,617**
Capital and reserves					
Called up share capital	*15*		**9,984**		**9,984**
Profit and loss account			**3,735**		**1,633**
Shareholders' funds			**13,719**		**11,617**

The notes on pages 14 to 29 form part of these financial statements.

These financial statements were approved by the board of directors on 5 December 2022 and were signed on its behalf by:

Mr P Gidley
Director

DocuSigned by:
Paul Gidley
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Company registered number: 04331797

Statement of Changes in Equity

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	9,984	4,216	14,200
Profit or loss	-	1,417	1,417
Transactions with owners, recorded directly in equity		(4,000)	(4,000)
Dividends	-	-	-
Balance at 31 December 2020	**9,984**	**1,633**	**11,617**

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	9,984	1,633	11,617
Profit or loss	-	2,102	2,102
Transactions with owners, recorded directly in equity			
Balance at 31 December 2021	**9,984**	**3,735**	**13,719**

The notes on pages 14 to 29 form part of these financial statements.

Notes

1 Accounting policies

Cosentino UK Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 04331797 and the registered address is Unit 10 Bartley Point, Osborn Way, Hook, Hampshire RG27 9GX. [These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

In preparing these financial statements, the Company applies the recognition, measurement, and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Grupo Cosentino SL includes the Company in its consolidated financial statements. The consolidated financial statements of Grupo Cosentino SL are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Calle Padre Luque S/N 04001 Almería Spain.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes.
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets.
- Disclosures in respect of transactions with wholly owned subsidiaries.
- Disclosures in respect of capital management.
- The effects of new but not yet effective IFRSs.
- Disclosures in respect of the compensation of Key Management Personnel.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

1.1 Measurement convention

The financial statements are prepared on the historical cost basic.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Company is the UK sales division of a group whose ultimate parent company is Cosentino Group S.A.. The company does not have any external debt and continued to trade profitably during the COVID-19 pandemic generating positive cashflows.

The directors have made an assessment of going concern covering a period of at least twelve months from the date of approval of these financial statements. In doing so they have prepared cashflow forecasts for the period up to 31 December 2023, which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company, Cosentino Global SLU, to meet its liabilities as they fall due during the going concern assessment period. Despite the uncertain trading environment that results from the impact of COVID-19 and the war between Russia and Ukraine, the directors expect better results for 2022 and 2023 in comparison with year 2021.

Those forecasts are dependent on Cosentino Global SLU not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £12,848k, and providing additional financial support during the going concern assessment period. Cosentino Global SLU has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period, only on the premise that Cosentino UK Limited is unable to meet its financial liabilities as they fall due and continue to trade. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Rights of use assets are classified as Tangible assets

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Notes *(continued)*

1 Accounting policies *(continued)*

- Leasehold Land and buildings — life of the lease
- Plant and vehicles — 25% Straight Line
- Fixtures and equipment — 25% Straight Line
- Rights of Use Assets — life of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.5 Intangibles

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangibles include software database and software applications being amortised in 4 years.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchases for resale, the weighted average purchase price is used.

1.7 Employee benefits

Defined contribution plans

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.

The assets of the scheme are held separately from those of the company in an independently administered fund.

1.8 Turnover

Turnover is recognised under IFRS 15 as attributable to the principal activity of the sale and distribution of stone worktops and stone slabs This is recognised when the performance obligation is fulfilled on delivery.

1.9 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Notes *(continued)*

1 Accounting policies *(continued)*

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

1.11 Financial instruments
(i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets
(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes *(continued)*

1 Accounting policies *(continued)*

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity
(a) Classification

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:
(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b)where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Financial liabilities are classified as measured at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:
– the contractual rights to the cash flows from the financial asset expire; or
– it transfers the rights to receive the contractual cash flows in a transaction in which either:
  – substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  – the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Impairment excluding stocks

Financial assets (including trade and other debtors)

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) As a lessee

The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes *(continued)*

1 Accounting policies *(continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

b) Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.14 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account on a systematic basis over the estimated useful economic lives of the assets to which they relate or over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses. Amounts recognised in the profit and loss are presented under the heading "Administrative expenses".

Notes *(continued)*

2 Turnover from contracts with customers

Disaggregation of turnover

In the following table, turnover is disaggregated by primary geographical market and major products lines.

	2021	2020
	£000	£000
Major product lines		
Sale and distribution of stone worktops and stone slabs	**85,764**	61,579
Total turnover	**85,764**	61,579
Primary geographical markets		
United Kingdom	**85,234**	61,103
Ireland	**530**	476
Total turnover	**85,764**	61,579

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2021	2020
	£000	£000
Depreciation Expense on owned assets	**426**	655
Depreciation on rights of use assets	**1,769**	1,661
Impairment loss of trade receivables	**(47)**	1

Auditor's remuneration:

	2021	2020
	£000	£000
Audit of these financial statements	**22**	23

Notes *(continued)*

4 Staff numbers and costs

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

	Number of employees	
	2021	2020
Sales and administration	**107**	106

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	**4,947**	3,922
Social security costs	**553**	431
Contributions to defined contribution plans	**97**	90
	5,597	4,443

5 Directors' remuneration

	2021	2020
	£000	£000
Directors' remuneration	**146**	158
Company pension contributions to defined contribution pension schemes	**3**	3

	Number of directors	
	2021	2020
	£000	£000
Retirement benefits are accruing to the following number of directors under:		
Defined contribution pension schemes	**3**	3

Notes *(continued)*

6 Interest payable and similar charge

	2021 £000	2020 £000
Interest payable on loans	**123**	230
Net foreign exchange loss	**98**	22
Interest on Leases (IFRS 16)	**385**	739
Other	**(49)**	
	557	991

7 Taxation

Recognised in the profit and loss account.

	2021 £000	2020 £000
UK corporation tax		
Current tax on income for the period	**591**	506
Prior year adjustments	**(21)**	(40)
Total current tax	**570**	466
Deferred tax		
Origination and reversal of timing differences	**(27)**	(123)
Prior year adjustment	**183**	-
Effect of changes in tax rate	**(3)**	-
Total Deferred Tax	**153**	(123)
Tax on profit on ordinary activities	**723**	343

Notes *(continued)*

7 Taxation (continued)

Reconciliation of effective tax rate

	2021	2020
	£000	£000
Profit for the year	**2,102**	1,417
Total tax expenses	**723**	343
Profit before taxation	**2,825**	1,760
Current tax at 19% (2020: 19%)	**537**	334
Expenses not deductible for tax purposes	**9**	9
Under/(Over) provided in previous periods	**162**	(40)
Effects on changes in tax rates	**(3)**	-
Other adjustments	**18**	40
Total tax of the year	**723**	343

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge and deferred tax asset accordingly. The UK deferred tax asset as at 31 December 2021 has been calculated based on the substantively enacted tax rate at the dates at which the deferred tax is expected to unwind.

Notes *(continued)*

8 Tangible fixed assets

	Short Leasehold Property £000	Plant and Vehicles £000	Fixtures and Equipment £000	Total £000
Cost				
Balance at 1 January 2021	12,591	4,608	1,448	18,647
Additions	2,153	147 (188)	48	2,348
Disposals	(308)		-	(496)
Balance at 31 December 2021	14,436	4,567	1,496	20,499
Depreciation and impairment				
Balance at 1 January 2021	(3,684)	(3,746)	(1,241)	(8,671)
Depreciation charge for the year	(1,705)	(397)	(92)	(2,194)
Disposals	308	147		455
Balance at 31 December 2021	(5,081)	(3,996)	(1,333)	(10,410)
Net book value				
At 1 January 2021	8,907	862	207	9,975
At 31 December 2021	9,355	571	163	10,089

9 Stocks

	2021 £000	2020 £000
Finished goods	**14,688**	**14,042**
	14,688	**14,042**

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £69,659k *(2020:* £47,855k*)*. The write-down of stocks to net realisable value amounted to £299k as stock provision. *(2020:* £6k*)*.

Notes *(continued)*

10 Debtors

	2021	2020
	£000	£000
Trade debtors	**14,873**	14,253
Amounts owed by group undertakings	**17**	53
Other debtors	**215**	4
Prepayments and accrued income	**737**	611
Deferred Tax Assets (see note 14)	**44**	198
	15,886	15,119

11 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	**472**	252
Amounts owed to group undertakings	**10,094**	12,111
Taxation and social security	**3,609**	6,016
Lease liabilities (see note 16)	**1,350**	1,518
Accruals and Deferred income	**1,673**	185
	17,198	20,082

12 Creditors: amounts falling more than one year

	2021	2020
	£000	£000
Loan owed to group undertakings (see note 17)	**3,022**	3,022
Accruals and Deferred income	**43**	-
Lease liabilities (see note 16)	**8,433**	7,755
	11,498	10,777

13 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund and amounted to £97k (2020: £90k).

There are outstanding amounts due to or from the pension scheme at the year-end was £nil (2020 £nil).

Notes *(continued)*

14 Deferred Tax

Recognised net deferred tax assets	**£'000**
As at 1 January 2021	198
Current year credit	(153)
As at 31 December 2021	**45**

	2021	2020
Analysis of net deferred tax assets	**£'000**	£'000
Deferred tax assets:		
- Capital allowances	**45**	113
- Temporary difference due to IFRS 16	-	85
Total deferred tax asset	**45**	198

15 Capital and reserves

Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
Ordinary shares of £1 each (9,984 shares)	**9,984**	9,984

16 Leases

This note describes the right-of-use assets and related lease liabilities recognised following the application of IFRS 16 Lease.
Movement in right-of-use assets in the statement of financial position is as follows:

	Buildings and Property	Vehicles	Total
	£000	**£000**	**£000**
Balance as at 1 January 2021	8,678	149	8,827
Additions to ROU asset	2,145	133	2,278
Depreciation charge for the year	(1,609)	(160)	(1,769)
Disposals	-	(42)	(42)
Balance as at 31 December 2021	**9,214**	80	**9,294**

Lease liabilities total £9,783,000 of which £8,433,000 is classified as non-current and £1,350,000 as current.

Notes *(continued)*

16 Leases (continued)

	£000
Balance as at 1 January 2021	9,273
Additions to ROU liability	2,278
Related finance cost	385
Payments	(2,153)
Balance as at 31 December 2021	**9,783**

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2021	2020
	£000	£000
Interest expense on lease liabilities	385	739
Expenses relating to short-term leases	1,818	908
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	22	40

17 Related parties

The company holds inter-company balances with companies within the group, as detailed in notes 11 and 12.

Cosentino UK Limited has a loan from Cosentino Global S.L.U. as shown in note 12. The loan is for (£3,022,000), with annual interest of LIBORGBP 3 M +3.3%. The loan runs until 31 March 2026.

	Debtors outstanding		**Creditors outstanding**	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Parent	**-**	-	**10,057**	12,111
Other related parties	**17**	53	**37**	-
	17	53	**10,094**	12,111

Notes *(continued)*

18 Ultimate parent company and parent company of larger group

The ultimate parent company is Cosentino Group S.A., a company incorporated in Spain.

The smallest and largest group in which the results of the Company are consolidated is that headed by Grupo Cosentino SL incorporated in Spain. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from the company's registered office at Calle Padre Luque S/N 04001 Almería Spain.

19 Accounting estimates and judgements

Certain critical accounting judgements in applying the Company's accounting policies are described below:

a. Valuation of Stock

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchases for resale, the weighted average purchase price is used. Cosentino do not provide for stock given the nature of the stock. Stock is made up of Silestone and Dekton. Management believes there is no risk of stock obsolescence as it doesn't age and can be sold to a wide variety of customers, due to its adaptable form (i.e., can be cut to size/specifications).