

Company Number: 04771550

Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2020
for
Vestel UK Limited

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Vestel UK Limited

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Vestel UK Limited

Company Information
for the Year Ended 31 December 2020

DIRECTORS:	E T Erdogan B C Koksai O Yungul
SECRETARY:	Eacotts International Limited
REGISTERED OFFICE:	Vestel House 1 Waterside Drive Langley Berkshire SL3 6EZ
REGISTERED NUMBER:	04771550 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Clarendon Road Watford WD17 1JJ
BANKERS:	Lloyds TSB Windsor & Eton PO Box 1000 BX1 1LT

Strategic Report

for the Year Ended 31 December 2020

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

Principal activities

The principal activity of the company during the year was to market, promote and service Vestel Group's and Sharp branded products under a licensing agreement in the United Kingdom and Republic of Ireland; as well as Toshiba branded products under a licensing agreement in the United Kingdom, Republic of Ireland and Benelux, Nordics, Central and Eastern European countries; in the Consumer Electronics and Major Domestic Appliance marketplaces.

REVIEW OF BUSINESS

The Company's main objective is to maximise volume and market share, both in unit and value, of Vestel products sold in the United Kingdom by becoming the preferred supplier to the major retailers offering high quality environmentally friendly products in line with consumer expectations supported by optimal supply chain solutions and efficient after sales services; as well as by focusing on online sales and offering best-in-class digital media marketing and content to all partners. The Company's also aiming to further strengthen its OEM proposition by incorporating its "branded" way of working.

Key performance indicators ('KPIs') are revenue growth and profitability.

Revenue from operations has decreased from £286,581,414 to £281,308,819. The gross profit margin has increased from 5.7% to 6.2% and the operating margin was 1.5% (2019: operating margin 0.9%).

The directors report 1.8% decline in sales in 2020 compared to 2019. The decline was largely due to the reduced sales of Toshiba branded products which declined by 11% compared to 2019. B2B and Sharp sales declined by 17% and 2% respectively. On the other hand, the sales of OEM Brown products increased by 7% and OEM White Goods by 2% in 2020.

Despite the sales decline, overall gross margins improved by 0.7% especially for OEM Brown, Toshiba and B2B products with better pricing achieved.

The result for the year showed a profit after tax of £1,899,260 (2019: profit £461,848) which will be transferred to reserves. At 31 December 2020, the net assets were £11,397,625 (2019: £9,498,366).

Future Developments

The Company will continue the development of sales of new product categories (ie, audio visual solutions for B2B channel) and will continue to drive operational improvements whilst strengthening strategic relationships with our key customer base. Additionally, we will seek to introduce new customers to Vestel through alternative routes to market reflecting the ongoing development of our product range. Additional opportunities will also be sought through development of licensing arrangements with renowned brand owners.

DIRECTORS' STATEMENT IN RESPECT OF SECTION 172 (1)

This statement is intended to disclose how our directors have approached and met their responsibilities under S172 Companies Act 2006.

As with all companies, decision making within the Company is complex and the directors take into account many factors, sometimes conflicting, when reaching decisions. In performance of their statutory duties and in accordance with S172 (1) Companies Act 2006, the board of directors and senior management of the Company defined and established a high standard business conduct while they have acted in the way they considered, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole (having regard to the stakeholders and matters set out in S172 (1) (a-f) of the Act) in all decisions taken during the year ended 31st December 2020.

**Strategic Report (continued)
for the Year Ended 31 December 2020**

The interests of its employees, suppliers, supply-chain partners, shareholders, customers, community, environment and all other stakeholders have been taken into consideration for a fair and balanced decision-making process during its monthly management meetings.

The directors of the Company consist of experienced senior executives of Zorlu and Vestel Groups who have served as Board members both in the UK and overseas. The directors assign the senior management of the Company who manage the day-to-day activities with the same principles following the Corporate Governance framework established by the directors.

Each year, the Board undertakes an in-depth review of the Company's strategy, including a business plan for subsequent years. Once approved by the Board, the plan and the strategy form the basis for financial budgets, resource planning and investment decisions and also the future strategic direction of the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long-term reputation.

In line with the Company's goal of achieving sustainable growth by being the preferred supplier to the Company's partners enhancing the long-term value creation, the following factors are considered as part of group operations as a whole, to maintain highest standards of corporate governance, essential to the business integrity and performance:

- long-term consequences of decisions
- employees' interests
- business relationships with all partners, including suppliers, third party logistics providers and customers
- the impact of the Company's business on the environment and communities in which the Company operates.

Consideration of these factors and other relevant matters is embedded into all Vestel Group decision making, strategy development and risk assessment throughout the year. Further information is considered in detail in Corporate Governance section of Vestel Group 2020 Annual Report:

http://www.vestelinvestorrelations.com/en/assets/pdf/AnnualReport_2020.pdf

Stakeholder Engagement with Employees:

The Company regularly provided employees with information on matters of concern to them as employees through monthly all staff meetings, intranet and other communications. Employees were also consulted on a regular basis through employee engagement team so that their views can be considered in making decisions which are likely to affect their interests.

The Company is an equal opportunities employer. Applicants for employment are always fully considered irrespective of gender, ethnic origin, race, religion, sexual orientation or disability.

The Company encourages continuous development of its employees through online trainings provided to all employees, business related trainings for relevant staff as well as Company sponsored professional qualifications.

Stakeholder Engagement with Suppliers, Customers, and others:

As part of the global Vestel Group, the Company operates under a set of Business Conduct Guidelines whereby it is committed to the guiding principle of responsible and law-abiding conduct. The guidelines set out how the Company's employees are expected to act in their day-to-day business activities and receive regular training. Together with the Vestel values, it provides a foundation for the Company to grow and be successful for the benefit of all its stakeholders by:

Vestel UK Limited

Strategic Report (continued) for the Year Ended 31 December 2020

- Abiding the laws and regulations
- Observing the rules of fair competition, creating unambiguous and documented agreements with suppliers and customers, and having a zero-tolerance to corruption in any form
- Avoiding conflicts of interest
- Keeping confidential information secret and handling sensitive data responsibly
- Manufacturing high quality, safe and reliable products
- Respecting the intellectual property of third parties.

The Company's directors and senior management are responsible for compliance to Business Conduct Guidelines. The corporate internal auditing department conducts regular audits to ensure these guidelines are complied with.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are of the opinion that a thorough risk management process is adopted which involves the review of risks identified below and the operation of strategies and processes to mitigate these risks.

Economic uncertainties

The success of the business is heavily dependent on consumer spending and demand. Senior management aim to keep abreast of economic conditions using marketing, pricing and operational strategies to respond to changes in economic circumstances. Investing in different product categories and sales channels help diversifying the operations of the Company to mitigate the risks in economic fluctuations. Though the Company has not been impacted by the economic downturn caused by Covid 19 pandemic, it still experienced challenges linked to supply chain issues and labour shortages. Covid-19 is considered a big risk for the rest of 2021 and the first half of 2022 on consumer demand and spending on non-essential products.

Brexit Impact

Though some of the economic and political uncertainties have disappeared with the United Kingdom leaving the European Union on 1 January 2021, significant question marks around the post transition period remain. Vestel UK Ltd business and operations did not suffer from the impact of Brexit during 2020 due to the last minute trade agreement signed between UK and Turkey which meant Vestel UK would adopt Postponed VAT Accounting from 1 January 2021.

Competition

The market in which the company operates is highly competitive with several competitors from Europe and Far East putting constant pressure on pricing and margins. Policies of constant price monitoring, market research and product research and development by the Vestel Group mitigate these risks.

Financial instruments

The Company uses financial instruments, comprising of cash, trade debtors, bank and intra-group borrowings and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations. The main risks arising from the Company's financial instruments are credit, currency, and liquidity risks. The management of these risks is outlined below.

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited due to the high credit ratings of the counterparties. The Company's principal assets are trade debtors. To manage the risk around these, credit insurance is used whenever possible allied to the setting of credit limits together with the regular review of payment histories.

Vestel UK Limited

Strategic Report (continued) for the Year Ended 31 December 2020

Furthermore, the Company is engaged in a "Receivables Purchase Agreement" with Sumitomo Mitsui Banking Corporation that started in December 2018 with €50m limit which is non-recourse in nature. We stopped discounting new invoices from May 2020 and receivable purchase agreement was terminated in September 2020.

Currency risk

The Company made the decision to change its functional currency from Euro to GBP on 1 January 2017, due to a larger proportion of its sales and almost all of its costs being in GBP. The functional currency is now considered to be GBP.

The Company maintains bank balances in Sterling, Euros and Dollars. It invoices and receives payment in these currencies. Since August 2016, all Parent Company sourced goods are bought and sold in the same currency. Hence the transactional forex exposure is therefore eliminated.

However, as stated above, the Company is reporting in GBP and as about 50% of its sales in GBP, its translational exposure continues.

Price Risk

The brown goods and white goods industries that the Company operates in are increasingly competitive. There are few big retail customers that intensify the competition within the market. Competitors with premium brands keep applying pressure down to the mid-to-lower segments of the market and relatively cheaper imports from far-east countries also contribute to the price competition. The combination of both squeezes the margin. The price competition within the market is closely followed by the Company and necessary actions are taken to mitigate the risk by negotiating the purchase prices from the parent company in Turkey.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company also has the support of the parent with access to group funds / loans.

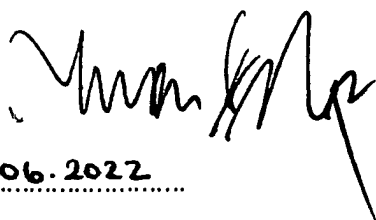
The Company has no overdraft.

COVID-19 Outbreak

The outbreak of COVID-19 continued to stabilise during 2021. In line with government advice, the Company instructed all the staff to work from home in March 2020 due to Covid 19 pandemic. Its office has reopened two days a week in July and then Dec 2021 with health and safety measures in place to protect the staff who have returned to the office on voluntary and as per need basis. The business of the Company has not been impacted by the pandemic and the Company has not furloughed any of its employees.

ON BEHALF OF THE BOARD:

Turan Erdogan
Director



Date: 30.06.2022

Directors' Report **for the Year Ended 31 December 2020**

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020 (2019: nil).

FUTURE DEVELOPMENTS

The Strategic report on pages 2 to 5 contains future developments.

FINANCIAL RISK MANAGEMENT

Information on financial risk management is set out in the Strategic report, pages 2 to 5.

STREAMLINES ENERGY and CARBON REPORTING (SECR)

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019 when the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018 came into force. Large UK companies in scope need to comply for financial years starting on or after 1 April 2019; hence this is the first year Vestel UK Limited is issuing SECR.

Vestel UK Limited is a wholly owned subsidiary of Vestel Group which committed to net zero emissions (Scope 1-2) by 2030 and across its entire value chain (Scope 1-2-3) by 2050 as a part of its Smart Life 2030 Strategy Framework. Over 95% of the products sold by Vestel UK Limited are manufactured in its parent company's state of the art factories in Manisa, Turkey. Vestel Group always strives to develop and manufacture energy and water efficient home appliances in accordance with the new Labelling and Eco-design Directives which came into force in Europe in 2020.

Vestel Group also issued Turkey's first TL denominated green bonds (in 2020) and was rated with the highest possible score in an evaluation conducted by an independent international investment and sustainability rating agency in line with the Green Bonds Principles of the International Capital Market Association (ICMA).

As Vestel UK Limited, we have continued our commercial efforts to launch our electric vehicle charger business, installed electric vehicle chargers in our head office building car park and are currently replacing our fleet of diesel cars with fully electric vehicles. We have installed smart devices and changed the settings of our heating and cooling system to operate more efficiently. Our head office building is fully equipped with energy efficient LED lights. We have also encouraged all employees to fully work from home during the COVID pandemic in 2020, which helped us further reduce our carbon footprint.

In 2021 and 2022, we continued our efforts to further reduce our carbon footprint and introduced a salary sacrifice car scheme for fully electric and hybrid vehicles open to all our employees. We have installed 2 electric vehicle charging points and are planning to install more electric vehicle chargers in our car park to accommodate the increased need for charging. We will also look into maximising our energy procurement through renewable sources.

EMISSIONS SOURCES:

The footprint includes the 'Scope 1' (e.g. combustion of fuel) and 'Scope 2' (electricity) emissions associated with the activities for which Vestel UK Limited are responsible. For the purpose of the report only 'Scope 1' (Direct) and 'Scope 2' (Indirect) emissions sources are required.

METHODOLOGY:

The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance. Activity data has

Directors' Report

for the Year Ended 31 December 2020

been converted into carbon emissions using published emissions factors.

EMISSIONS FACTORS APPLIED:

DEFRA emission factors have been used for all emission sources as this provides the most comprehensive list of factors available. They allow an activity to be converted into tonnes of carbon dioxide equivalent (tCO₂e). Market based emissions factors have been taken from each of Vestel UK Limited's relevant suppliers.

INTENSITY RATIO:

From Jan-20 to Dec-20 the Scope 1 emissions were 31 tCO₂e and Scope 2 emissions were 49 tCO₂e; bringing the total emissions of Vestel UK Limited to 80 tCO₂e.

Vestel UK Limited believes that "tonnes of CO₂e per total £m sales revenue" is the SECR Intensity Ratio most relevant to its operations. This is comprised of all emissions associated with the operating activities of Vestel UK Limited, divided by turnover. The Intensity Ratio constitutes a simple measure of energy efficiency, as opposed to total energy or emissions.

From Jan-20 to Dec-20 the Intensity Ratio was 0.3 tCO₂e/£m.

POST BALANCE SHEET EVENTS

Project Erasmus: From 1st October 2021 Vestel UK Limited was legally integrated into **Vestel Holland B.V.**, a Dutch private limited liability company. Vestel Holland B.V. is registered in the United Kingdom with the Company Number: FC038678 and Vestel Holland B.V. UK Branch Office it is its' UK Establishment No: BR023773. The integration was carried out through the transfer of the business and all assets and liabilities of Vestel UK Limited to Vestel Holland B.V at their book value for consideration of £11,936,149. Post integration, all current activities including, but not limited to sales functions, logistics, support functions, office location, and employees remained unchanged.

There were no other post balance sheet events in second quarter of 2022.

GOING CONCERN

The Directors prepared the financial statements on the going concern basis despite the fact that the UK legal entity ceased to trade on 1 October 2021 as there is no intention to liquidate the Company and they are confident that the Company will be able to satisfy its obligations and commitments as they fall due.

DIRECTORS

The directors shown below have held office during the whole of the year from 1 January 2020 to the date of this report.

E T Erdogan
B C Koksai
O Yungul

Directors' Report (continued) for the Year Ended 31 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Statement of disclosure of information to auditors

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

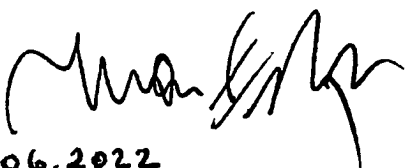
- so far as the director are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors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

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Turan Erdogan
Director



Date: 30.06.2022

Independent auditors' report to the members of Vestel UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Vestel UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Audited Financial Statements for the Year Ended 31 December 2020 for Vestel UK Limited (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Reporting on other information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential posting of inappropriate accounting entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

Auditors' responsibilities for the audit of the financial statements (continued)

- Enquiries with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular journals entries posted with unusual account combinations which resulted in an increase in revenue;
- Challenging judgements made by management in determining significant accounting estimates and obtaining supporting evidence for such judgements;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Alex Crompton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
30 June 2022

Vestel UK Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2020

		2020	2019
		£	£
	Note		
REVENUE	3	281,308,819	286,581,414
Cost of sales		<u>(263,987,934)</u>	<u>(270,192,810)</u>
GROSS PROFIT		<u>17,320,885</u>	<u>16,388,604</u>
Distribution Costs		(1,622,664)	(1,962,332)
Administrative expenses		<u>(11,542,210)</u>	<u>(11,789,424)</u>
OPERATING PROFIT	5	4,156,011	2,636,848
Finance Costs	6	(1,809,299)	(2,058,220)
Finance Income	6	<u>491</u>	<u>4,881</u>
FINANCE COSTS - NET		(1,808,808)	(2,053,339)
PROFIT BEFORE TAXATION		2,347,203	583,509
Income tax expense	7	<u>(447,943)</u>	<u>(121,661)</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u><u>1,899,260</u></u>	<u><u>461,848</u></u>

The notes on pages 15 to 28 form part of these financial statements.

Vestel UK Limited

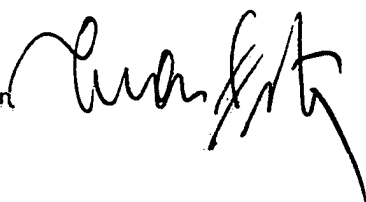
Statement of Financial Position
as at 31 December 2020

		2020	2019
	Note	£	£
FIXED ASSETS			
Intangible assets	8	128,537	255,595
Property, plant and equipment	9	<u>1,812,129</u>	<u>1,862,274</u>
		1,940,666	2,117,869
CURRENT ASSETS			
Inventories	10	14,243,683	13,151,825
Trade and other receivables	11	82,596,238	87,988,376
Cash and cash equivalents		<u>2,325,406</u>	<u>3,300,356</u>
		99,165,327	104,440,557
CREDITORS			
Amounts falling due within one year	12a	(72,089,515)	(84,749,285)
Amounts falling due in more than one year	12b	<u>(26,613)</u>	<u>(64,265)</u>
		(72,116,128)	(84,813,550)
NET CURRENT ASSETS			
		<u>27,049,199</u>	<u>19,627,007</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		28,989,865	21,744,876
PROVISIONS FOR LIABILITIES	13	<u>(17,592,239)</u>	<u>(12,246,510)</u>
NET ASSETS		<u>11,397,626</u>	<u>9,498,366</u>
CAPITAL AND RESERVES			
Called up share capital	15	919,450	919,450
Retained earnings	16	<u>10,478,176</u>	<u>8,578,916</u>
TOTAL SHAREHOLDERS' FUNDS		<u>11,397,626</u>	<u>9,498,366</u>

The notes on pages 15 to 28 form part of these financial statements.

The financial statements were approved by the Board of Directors on 30 June 2021 and were signed on its behalf by:

Turan Erdogan
Director



Vestel UK Limited

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital	Retained earnings	Total shareholders' funds
	£	£	£
Balance at 1 January 2019	919,450	8,117,068	9,036,518
Changes in equity			
Profit for the financial year and total comprehensive income	-	461,848	461,848
Balance at 31 December 2019	<u>919,450</u>	<u>8,578,916</u>	<u>9,498,366</u>
Changes in equity			
Profit for the financial year and total comprehensive income	-	1,899,260	1,899,260
Balance at 31 December 2020	<u>919,450</u>	<u>10,478,176</u>	<u>11,397,626</u>

The notes on pages 15 to 28 form part of these financial statements.

Vestel UK Limited

Notes to the Financial Statements **for the Year Ended 31 December 2020**

1. GENERAL INFORMATION

Vestel UK Limited is a private company, incorporated in the UK, limited by shares, registered and domiciled in England and Wales. The principal activity of the company is to market, promote and service Vestel Group's and Sharp branded products under licensing agreements in the United Kingdom in the Consumer Electronics and Major Domestic Appliance marketplaces. The company's registered number is 04771550 and the registered office address is Vestel House, 1 Waterside Drive, Langley, Berkshire, SL3 6EZ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Amendments in International Financial Reporting Standards: New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2020:

The directors have performed an assessment of the new standards and determined that there is no impact on adopting the new standards.

2.1.1 Comparatives

The financial statements of the Company have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the consolidated financial statements.

IFRS 16 "Leases":

The Group has applied IFRS 16 "Leases" standard as of 1 January 2019.

The Company – as a lessee

At inception of a contract, the Group 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

- i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or,
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used
- At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) Amount of the initial measurement of the lease liability.
- b) Any lease payments made at or before the commencement date, less any lease incentives received.
- c) Any initial direct costs incurred by the Group; and
- d) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group re-measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset.
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies IAS16 "Property, Plant and Equipment" to amortize the right of use asset and to assets for any impairment. To determine whether the right of use asset is impaired and to recognize any impairment loss, IAS 36 applies the "Impairment of Assets" standard.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

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

- a) Fixed payments, including in-substance fixed payments.
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Exemptions and simplifications

Short-term lease contracts with a rental period of 12 months or less and payments for leases of low-value assets like IT equipment (mainly printers, laptops and mobile phones etc..) are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period. The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

Extension and early termination options

The lease obligation is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options in the contracts consist of options that can be applied jointly by the Group and the lessor. The Group determines the lease duration by including the extension and early termination options at the discretion of the Group according to the relevant contract and if the options are reasonably accurate, it is included in the lease term. If the conditions change significantly, the assessment is reviewed by the Group.

The Group – as a lessor

The Group's activities as a lessor are not material.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.2 Going Concern

The company meets its day-to-day working capital requirement through its parent company Vestel Group in Turkey who is its biggest supplier. The company does not hold any excess cash in its bank accounts; after meeting all of its third-party obligations, it pays all remaining cash back to Vestel Group to offset against its debt.

The directors are satisfied that Vestel UK Limited has sufficient resources to continue in operation for the foreseeable future, a period not less than 12 months from the date of this report. Accordingly, the financial statements have been prepared on a going concern basis and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

2.2 Property, plant, and equipment

Property (comprising of office buildings), plant and equipment is stated at historical cost net of depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is provided on a straight-line basis at the following annual rates in order to write off the cost less residual value of each category of asset over its estimated useful life:

- Freehold Property 50 years
- Office equipment 4 years
- Computer equipment 4 years
- Fixtures & Fittings 4 years
- Vehicles 1 year

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required, they are made prospectively. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "administrative expenses" in the income statement.

2.3 Intangible Assets

Intangible assets are non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortised on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortised).

The company's intangible assets are predominantly software development. Software development costs that are attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Intangible assets are stated at cost net of depreciation and any provision for impairment. Amortisation is provided on a straight-line basis at the following annual rates to write off the cost less residual value of each category of asset over its estimated useful life:

- Patents & Licences 5 years
- Development 5 years

2.4 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operational leases. Rentals paid under operating leases are charged to the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Revenue Recognition

The Company recognises revenue in accordance with IFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue recognition takes place according to the incoterms of the import for the sales with direct delivery to the customers. It is at the port of the shipment if Free on board (FOB) or else it is at the delivery to the customer if Cost Insurance and Freight (CIF). For stocked products, the recognition takes place at the time of delivery to the customers from the company's warehouse.

The returns provisions are based on the returns agreement with the customer and historical results and calculated separately for each type of product and customer. Similarly, any contractual discounts, rebates and commissions agreed with the customers are calculated and accrued for on a monthly basis separately for each type of product and customer as a reduction of revenue.

2.6 Financial Assets

The company's financial assets are predominantly cash and trade debtors. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period which are then classified as non-current assets.

Financial assets are recognised in the balance sheet when the company becomes a party to the contractual provision of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

The Company is engaged in a "Receivables Purchase Agreement" with Sumitomo Mitsui Banking Corporation (SMBC) that started in December 2018 with €35m limit (increased to €50m in March 2019) which is non-recourse in nature. On a bi-weekly basis, the Company and SMBC agree on receivables purchase within a pre-set credit limit. The Company offers to sell on a non-recourse basis a part of its receivables to SMBC and, if accepted, SMBC purchases the receivables and pays the Company 75% of the total amount. The payment is then recorded as cash in the books of the Company and the corresponding reduction in trade receivables. Two weeks later, SMBC then offers to sell these receivables back to the Company. If the Company agrees, the amount is paid back to SMBC and the bookings are reversed. This cycle is repeated every 2 weeks.

2.7 Financial Liabilities

Financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provision of the instrument. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2.8 Impairment of assets – financial and non-financial

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset. For certain categories of financial asset, such as trade receivables, assets are assessed not to be impaired individually are subsequently assessed on a collective basis. Objective evidence of impairment for a portfolio of receivables could include company's past experience of collecting payments, an increase in the number of delayed payments as well as observable changes in national economic conditions that correlate with default on receivables.

2.9 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors, who generally have 20 – 60 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

2.10 Accounting policies for Financial Instruments
Financial instruments

a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets at fair value through profit or loss, loans, receivables and financial assets measured at fair value through other comprehensive income. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Group's financial assets carried at amortized cost comprise "trade receivables", "other assets" and "cash and cash equivalents" in the statement of financial position.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial assets carried at fair value

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

b) Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A provision for impairment of trade debtors is established through profit or loss when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Balances are written off when the probability of recovery is assessed as being remote.

2.11 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on estimated selling price less any further costs expected to be incurred to sale.

Costs include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost is calculated using the weighted average method.

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

2.13 Employee benefits

The company operates a defined contribution pension scheme which is a plan where the company pays fixed contributions into a separate entity. For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Contributions payable to the company's pension scheme are charged to the income statement in the year to which they relate.

2.14 Trade Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at their fair value and subsequently amortised at cost. Due to their short-term nature, the carrying amount of trade payables approximates their fair value.

2.15 Cash, Cash equivalents

Cash and cash equivalents include cash at bank.

2.16 Borrowing

Borrowings are recognised initially at fair value, net of transactions costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.17 Share Capital

Ordinary shares are classed as equity. These shares allow the members to vote, receive dividends and receive distributions on the winding up of the company.

2.18 Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates, assumptions and judgements. These affect the amounts reported for assets and liabilities as at the balance sheet dates and the amounts reported for revenues and expenses during the year. It also requires

Vestel UK Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

management to exercise judgement in the process of applying the company's accounting policies. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following judgements and estimates have had the most significant effect on the amounts recognised in the financial statements:

Provisions/Accruals: Management assesses warranty balances based on past losses, current trading patterns and anticipated future events. Similarly returns accruals are based on historical return rates for each product type and customer couple with management judgement.

Other provisions comprise of rebates and promotional discounts arising under agreed customer sale contracts. Amounts provided and timings of utilisation are determined by the terms of those agreements and are typically utilised within two years.

Carrying value of debtors: Management of the company assesses the recoverability of trade debtors by taking economic climate in the respective markets, the ageing of the debt and the likelihood of default into consideration.

Inventory provisioning: The high technological nature of the products (televisions) that the company sells makes its inventory sensitive to fast turnover. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and age of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

3. REVENUE

A geographical analysis of revenue is as follows:

	2020	2019
	£	£
United Kingdom	265,543,558	268,780,312
Overseas	15,765,261	17,801,102
	<u>281,308,819</u>	<u>286,581,414</u>

4. EMPLOYEES AND DIRECTORS

The average monthly number of employees during the year was as follows:

	2020 Number	2019 Number
Sales & Marketing	32	38
Finance & Accounting	9	10
Other (IT, HR, Admin., etc)	25	30
	<u>66</u>	<u>78</u>

	2020 £	2019 £
Directors' remuneration	-	-

There were no Directors' remunerated for their services to the company during 2020 (2019: £0)

Vestel UK Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

5. OPERATING PROFIT

The operating profit is stated after crediting:

	2020	2019
	£	£
Wages and salaries	4,143,158	4,475,254
Social security costs	530,529	687,680
Other pension costs	243,480	256,066
	<u>4,917,167</u>	<u>5,419,000</u>
Inventories recognised as expense	263,987,934	270,192,810
Depreciation - owned assets	102,764	113,225
Amortisation of intangible assets	127,059	126,207
Amortisation of intangible assets written off	-	67,224
Impairment of intangible assets	-	67,073
Auditors' remuneration in respect of audit of financial statements (audit related services)	63,092	55,650
Operating Leases rentals – other	52,885	54,467
Foreign exchange differences	<u>(15,753)</u>	<u>21,201</u>

6. FINANCE INCOME AND COSTS

	2020	2019
	£	£
Finance Income		
Bank Interest Income	491	4,881
Finance Costs		
Bank Loan Interest*	(1,495,997)	(2,058,220)
Losses on FX contracts	<u>(313,302)</u>	<u>-</u>
Net Finance costs	<u>(1,808,808)</u>	<u>(2,053,339)</u>

*Bank Loan Interest amount includes £145,170 of Factoring charges and £110,497 Sumitomo bank charges.

7. INCOME TAX EXPENSE

Analysis of tax expense

	2020	2019
	£	£
Current tax:		
UK Corporation Tax at 19.00% (2019: 19.00%)	450,156	142,941
Adjustments in respect of prior periods	<u>(18,434)</u>	<u>(14,635)</u>
Total current tax charge	<u>431,722</u>	<u>128,306</u>
Deferred Tax:		
Origination and reversal of timing differences	5,947	(5,754)
Adjustments in respect of prior periods	12,251	(891)
Effect of rate change on opening balance	<u>(1,977)</u>	<u>-</u>
Total deferred tax credit	<u>16,221</u>	<u>(6,645)</u>
Tax on profit	<u>447,943</u>	<u>121,661</u>

Vestel UK Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

7. INCOME TAX EXPENSE (continued)

Reconciliation of Tax Charge

	2020 £	2019 £
Profit before taxation	2,347,203	583,509
Tax on profit before tax standard CT rate of 19.00% (2019: 19.00%)	445,968	110,867
Effects of:		
Fixed asset differences	7,615	4,938
Expenses not deductible for tax purposes	2,520	20,705
Income not taxable for tax purpose	-	-
Adjustments to tax charge in respect of previous periods	(18,434)	(14,635)
Adjustments to tax charge in respect of previous periods (deferred tax)	12,251	(891)
Remeasurement of deferred tax – change in UK rates	(1,977)	677
Current tax (current year) exchange differences arising on movement between opening and closing spot rates	-	-
Total tax charge for the year	<u>447,943</u>	<u>121,661</u>

Factors affecting tax charge for the year

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6th September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8. INTANGIBLE ASSETS

<u>2020</u>	Development Costs £	Patents and Licences £	Totals £
COST			
At 1 January 2020	617,045	398,879	1,015,924
Additions	-	-	-
Disposals	-	-	-
At 31 December 2020	<u>617,045</u>	<u>398,879</u>	<u>1,015,924</u>
ACCUMULATED AMORTISATION			
At 1 January 2020	362,303	398,026	760,329
Charge for Year	127,059		127,059
At 31 December 2020	<u>489,362</u>	<u>398,026</u>	<u>887,387</u>
NET BOOK VALUE			
At 31 December 2019	<u>254,742</u>	<u>853</u>	<u>255,595</u>
At 31 December 2020	<u>127,684</u>	<u>853</u>	<u>128,537</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

<u>2019</u>	Development Costs	Patents and Licences	Totals
	£	£	£
COST			
At 1 January 2019	617,045	386,099	1,003,144
Additions		12,780	12,780
Disposals	-	-	-
At 31 December 2019	<u>617,045</u>	<u>398,879</u>	<u>1,015,924</u>
ACCUMULATED AMORTISATION			
At 1 January 2019	236,096	263,729	499,825
Charge for Year	126,207	-	126,207
Charge for Year – written off		67,224	67,224
Impairment		67,073	67,073
At 31 December 2019	<u>362,303</u>	<u>398,026</u>	<u>760,329</u>
NET BOOK VALUE			
At 31 December 2018	<u>380,949</u>	<u>122,370</u>	<u>503,319</u>
At 31 December 2019	<u>254,742</u>	<u>853</u>	<u>255,595</u>

9. PROPERTY, PLANT AND EQUIPMENT

<u>2020</u>	Freehold property	Fixtures and fittings	Vehicles	Right of use Asset	Totals
	£	£	£	£	£
COST					
At 1 January 2020	1,930,693	1,393,701	4,042	106,837	3,435,273
Additions	-	52,619	-	-	52,619
At 31 December 2020	<u>1,930,693</u>	<u>1,446,320</u>	<u>4,042</u>	<u>106,837</u>	<u>3,487,892</u>
ACCUMULATED DEPRECIATION					
At 1 January 2020	220,799	1,327,043	4,042	21,115	1,572,999
Charge for year	38,618	41,214	-	22,932	102,764
At 31 December 2020	<u>259,417</u>	<u>1,368,257</u>	<u>4,042</u>	<u>44,047</u>	<u>1,675,763</u>
NET BOOK VALUE					
At 31 December 2019	<u>1,709,894</u>	<u>66,658</u>	<u>-</u>	<u>85,722</u>	<u>1,862,274</u>
At 31 December 2020	<u>1,671,276</u>	<u>78,063</u>	<u>-</u>	<u>62,790</u>	<u>1,812,129</u>

Vestel UK Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2019

	Freehold property	Fixtures and fittings	Vehicles	Right of use Asset	Totals
	£	£	£	£	£
COST					
At 1 January 2019	1,930,693	1,365,814	4,042	-	3,300,549
Additions	-	27,887		106,837	134,724
At 31 December 2019	<u>1,930,693</u>	<u>1,393,701</u>	<u>4,042</u>	<u>106,837</u>	<u>3,435,273</u>
ACCUMULATED DEPRECIATION					
At 1 January 2019	182,181	1,275,908	1,685	-	1,459,774
Charge for year	38,618	51,135	2,357	21,115	113,225
At 31 December 2019	<u>220,799</u>	<u>1,327,043</u>	<u>4,042</u>	<u>21,115</u>	<u>1,572,999</u>
NET BOOK VALUE					
At 31 December 2018	<u>1,748,512</u>	<u>89,906</u>	<u>2,357</u>	-	<u>1,840,775</u>
At 31 December 2019	<u>1,709,894</u>	<u>66,658</u>	<u>-</u>	<u>85,722</u>	<u>1,862,274</u>

10. INVENTORIES

	2020 £	2019 £
Finished goods and goods for resale	<u>14,243,683</u>	<u>13,151,825</u>

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £35,556 (2019: £112,073)

Stock written off – £47,738 (2019: £7,813)

11. TRADE AND OTHER RECEIVABLES

	2020 £	2019 £
Trade debtors	81,980,078	36,787,763
Provision for impairment of trade debtors	(10,000)	(10,000)
Trade debtors – net	<u>81,970,078</u>	<u>36,777,763</u>
Amounts owed by group undertakings	-	50,536,274
Deferred Tax (note 14)	12,838	29,059
Prepayments and accrued income	<u>613,323</u>	<u>645,280</u>
	<u>82,596,239</u>	<u>87,988,376</u>

The Company is engaged in a "Receivables Purchase Agreement" with Sumitomo Mitsui Banking Corporation since December 2018 with €50m limit which is non-recourse in nature.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. All trade debtors fall due within one year.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank Loan (borrowings)	-	45,250,755
Loans to group undertakings	3,208,427	-
Trade creditors	11,071,855	10,505,170
Amounts owed to group undertakings	51,712,958	23,246,427
Social security and other taxes	117,461	127,390
Accruals and deferred income	5,636,144	5,598,085
Lease Liability	29,368	21,458
Derivative Accrual – FX Contracts	313,302	-
	<u>72,089,515</u>	<u>84,749,285</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

a. Borrowings

Bank borrowings bear an interest rate of 3.5% per annum. These borrowings matured in August 2020 and were extended for 3 months during which the principal was repaid.

12b. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2020 £	2019 £
Lease Liability	26,613	64,265
	<u>26,613</u>	<u>64,265</u>

13. PROVISIONS FOR LIABILITIES

	Warranty Provision £	Other Provisions £	Total £
At 1 January 2020	3,518,329	8,728,181	12,246,511
Additions	8,982,651	17,229,672	26,212,322
Amounts utilised	<u>(6,863,654)</u>	<u>(14,002,940)</u>	<u>(20,866,594)</u>
At 31 December 2020	<u>5,637,326</u>	<u>11,954,913</u>	<u>17,592,239</u>

Warranty Provision

The warranty expense provision is to meet costs arising out of statutory and contractual product guarantee obligations. While inherent uncertainties arise in their estimation, costs are provided for having regard to constantly updated records of product sales, replacement, and repair rates. Product return provisions are included in the warranty provision.

Other Provisions

Other provisions comprise of promotional discounts arising under agreed customer sale contracts. Amounts provided and timings of utilisation are determined by the terms of those agreements and are typically utilised within two years.

Vestel UK Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

14. Deferred Tax

Deferred tax

	2020	2019
	£	£
At 1 January	(29,059)	(22,414)
Credited to the income statement	<u>16,221</u>	<u>(6,645)</u>
At 31 December	<u>(12,838)</u>	<u>(29,059)</u>

All deferred tax movements in the year relate to accelerated capital allowances.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
730,001	Ordinary Shares (2019: 730,001)	£1.00	<u>919,450</u>	<u>919,450</u>

16. RETAINED EARNINGS

	Retained earnings £
At 1 January 2020	8,578,916
Profit for the financial year	<u>1,899,260</u>
At 31 December 2020	<u>10,478,176</u>

17. Related party transactions

The company has taken advantage of the exemption in FRS 101 from the requirement to disclose transactions with group companies on the grounds that it is a wholly owned subsidiary and consolidated in the financial statements prepared by Vestel Elektronik Sanayi ve Ticaret AS.

18. Controlling Parties

Vestel Ticaret AS, incorporated in Turkey, is the company's immediate parent undertaking by virtue of its 100% shareholding.

Vestel Elektronik Sanayi ve Ticaret AS is the ultimate parent undertaking by virtue of its 100% shareholding in Vestel Ticaret AS.

The largest and smallest undertakings for which the group financial statement have been drawn up, is that headed by Vestel Elektronik Sanayi ve Ticaret AS, incorporated in Turkey. Copies of the group financial statements can be obtained from Organize Sanayi Bolgesi, 45030, Manisa Turkey.

The ultimate controller of the group is Zorlu Holdings.

Vestel UK Limited

Notes to the Financial Statements - continued **for the Year Ended 31 December 2020**

19. Events Occurring After The Reporting Period

Project Erasmus: From 1st October 2021 Vestel UK Limited was legally integrated into **Vestel Holland B.V.**, a Dutch private limited liability company. Vestel Holland B.V. is registered in the United Kingdom with the Company Number: FC038678 and Vestel Holland B.V. UK Branch Office is its' UK Establishment No: BR023773. The integration was carried out through the transfer of the business and all assets and liabilities of Vestel UK Limited to Vestel Holland B.V. at their net book value for the consideration of . Post integration, all current activities including, but not limited to sales functions, logistics, support functions, office location, and employees remained unchanged.