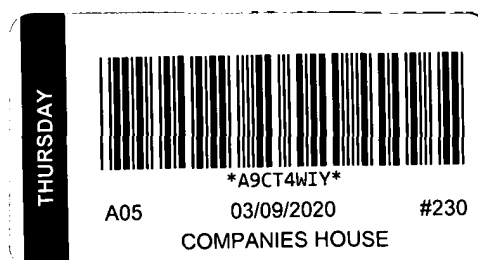


Company registration no. 06079749 (England and Wales)

**GLOBE UNION (UK) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**



# **GLOBE UNION (UK) LIMITED**

## **COMPANY INFORMATION**

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### **Directors**

R George  
J Shaw  
A Yates (resigned 31<sup>st</sup> December 2019)  
S Ouyoung (resigned 31<sup>st</sup> December 2019)  
T Chen  
L Lee

### **Secretary**

J Shaw

### **Registered office**

Alder House  
Slackey Brow  
Kearsley  
Bolton  
Lancashire  
United Kingdom  
BL4 8SL

### **Company number**

06079749

### **Auditors**

RSM UK Audit LLP  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire  
PR2 5PE

**GLOBE UNION (UK) LIMITED**  
**Strategic report for the year ended 31 December 2019**

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The Directors present their strategic report for the year ended 31 December 2019.

**Review of the business**

The principal activity of the Company is that of a parent undertaking. The principal activity of the Group is the provision of home improvement products and value-added services to the retail, merchant and building trade. The integrated services include global product sourcing solutions, transportation services, distribution centres, logistics and specialised home delivery.

2019 continued to provide strong sustainable growth in both sales and operating profit.

Sales during 2019 were £140.0m. This is an increase of 9.0% on 2018 (£128.4m). Sales increased year on year across all three of the company's sales channels, Multiples, Contracts and Retail.

Operating profit in the year was £2.2m. This is an increase of 10.0% on 2018 (£2.0m). EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) in the year was £4.3m, which was a reduction of 8.5% on 2018 (£4.7m). This is attributed to increased costs as a result of recovering from the disruption of the fire. Operating profit before exceptional items in the year was £2.2m which was a reduction of 24.0% on 2018 (£2.8m), this is again attributed to increased costs as above.

Due to the improved performance of the Group, no impairment review is considered necessary for 2019. A goodwill value has been carried in the group consolidated accounts since the purchase of PJH Group Limited in 2007 which is being amortised annually over 20 years. In 2019 goodwill was amortised by £1.4m (2018: £1.4m). The closing carrying value of goodwill is £11.1m (2018: £12.6m).

To support the continued strong growth in sales and minimise the risk of Brexit impacting the business, the business decided to carry higher levels of stock during the year, costs associated with the higher level of stock have been recognised through the P&L. At the year end, stock levels were higher compared to the prior year as a consequence these decisions. In addition the business was back to capacity following a major fire in November 2018, which caused last years stock levels to be reduced.

At the year end the net asset position of the Group had improved, this is in respect of profits earned during the year. Trade creditors were higher due to an increase in purchasing towards the end of the year to support the continued strong sales growth.

The Group has continued to make efficiencies within the business which has resulted in a reduction in staff numbers.

On 15 November 2018 the Group suffered a major fire at one of its distribution centres, resulting in an insurance claim. The insurance claim was settled in full during 2019. Further details can be found in notes 2 and 7 to the financial statements.

**Key performance indicators ('KPIs')**

<b><u>Group</u></b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	139,992	128,416
EBITDA before exceptional items	4,298	4,730
Operating profit before exceptional items	2,224	2,757
Operating profit after exceptional items	2,224	1,961
Net current assets	6,957	7,538
<b><u>Non-financial key performance indicators</u></b>		
Average number of employees	494	508

The Directors believe that the performance for the year and the KPIs above reflect a strong position.

## **GLOBE UNION (UK) LIMITED**

### **Strategic report for the year ended 31 December 2019**

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#### **Matters of strategic importance**

The Group considers relationships with its customers and suppliers to be of utmost importance. The Group engages in regular dialogue with these stakeholders in order to maintain excellent relationships ensuring high levels of service and quality of products to customers.

#### **Principal risks and uncertainties**

The Group's major customers are concentrated in markets supplying home improvement products to consumers and new-build housing in the UK. General uncertainties can impact on customers and the level of demand for the Group's products. The Directors believe there are no specific relevant risks to the Group's trading. There is a concentration of sales with one significant customer, but this currently represents less than half of the Group's turnover. Growth is expected to continue outside of this customer going forward.

The Directors also carry out a regular review of the risk environment in which the Group operates. The Board believes that the Group has adequate procedures and processes in place to ensure that these risks are monitored and managed appropriately. The main areas of risk identified by the Board are:

##### **Credit risk**

It is the policy of the business to only deal with customers on which credit insurance can be obtained, which mitigates credit risk.

##### **Foreign exchange risk**

Fluctuations in exchange rates could have an impact on results due to the level of purchases in foreign currencies. The Group has sought to minimise any risk in its commercial arrangements with both customers and suppliers, through contractual agreements.

##### **Financial risk**

The financial position may be adversely affected by a number of factors including restrictions in borrowings, debt arrangements and changes to the Group Company's credit ratings. The Directors continue to take appropriate actions to mitigate the risks and uncertainties arising, which include engaging with credit insurers and other stakeholders.

##### **Performance and development**

The Directors monitor performance through the production of detailed annual budgets and re-forecasts that cover all trading divisions in the Group.

##### **Brexit**

The Directors have considered the potential impact of Brexit and put plans in place to increase stock where required to minimise any impact. The Directors do not consider there to be a significant risk to the business.

#### **Our commitment to Section 172**

As Directors of Globe Union (UK) Limited our strategy is to be a group who are the first choice in the eyes of the customer as being their right partner (customers FIRST CHOICE). We believe that being close to all our people and adopting grass roots values helps ensure decisions made are always for the benefit of the stakeholders, including customers, suppliers and employees.

We keep the interests of employees at an extremely high level and ensure they have a can-do attitude by focusing on the values of the group. We will only be our customers FIRST CHOICE if we are an employer that people want to work for (employees FIRST CHOICE).

## GLOBE UNION (UK) LIMITED

### Strategic report for the year ended 31 December 2019

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#### Our commitment to Section 172 (continued)

There are 5 core values which are at the heart of the business and we engage staff throughout the year and keep them involved in decisions which affect them; such as having an employee forum with representatives to feedback to directors, and regular touchpoints throughout the year. The regularly published employee newsletter covers areas we know are of interest to the employees. The core values run throughout the ethos of the business, and form a key part of the personal inductions. As Directors we carry out these ourselves with new employees. This has benefitted the group and this can be seen by the low staff turnover. The group acts fairly and recommends steps to prevent any issues affecting society or the environment. In terms of employees, there is a conscious decision to continue to pay more than the living wage, and reward employees with length of service awards.

Decision making requires a long term perspective which is illustrated by continued investment. We continually invest in our sites either moving to better premises or refurbishing current ones. Technology is another area where we continually invest to support us delivering the highest level of service to our customers. We operate a modern fleet of delivery vehicles which ensures the best reliability, economy and minimises damage to the environment. Sustainable development in the group is dependent on the skills of employees which is why we are committed to being a responsible employer. As Directors, we ensure we are proactive in managing the relationship with the trustees of the PJH Defined Benefit Pension Scheme. The CEO is also a scheme Trustee and the CFO is PJH Pension Scheme Secretary. The scheme is proactively managed with the aim of reducing the scheme deficit. An example of this is the additional contributions made to the scheme during this year. We also make decisions that will impact other stakeholders, including our banking partners and credit insurers. We provide them with regular information in order to improve transparency and working relationships.

Business relationships are very important to us; whether with customers, suppliers or other stakeholders. By ensuring the group is easy to deal with and providing the right products and brands which customers want, it means a constant review process makes relationships stronger. The group aims to be at the forefront by developing tools to help customers such as the investment in an online delivery booking system and the valued 'Partners Portal' online ordering tool. We engage with suppliers on a regular basis at all levels both in the UK and overseas. Relationships are further developed through events and ensuring they are visited face to face each year. This can be seen by the ISO 9001 accreditation showing we are committed to having a quality management system.

The group's impact on the community and environment is important to be a sustainable group. Gender pay equality has always been very good and constantly monitored, and the group ensures Corporate Social Responsibility (CSR) is a high priority. Decisions are always being made to be more environmentally friendly; such as operating a modern vehicle fleet ensuring reduced omissions and ensuring waste is processed in the most efficient and environmentally friendly manner.

The group ethos of "together we're better" reinforces the fact that the business conduct is focused on engaging with all stakeholders to ensure they have a rewarding experience in dealing with a reputable group that has high standards of business conduct.

#### Covid-19

At the time of preparing the financial statements, it is clear there has been disruption to the work of the Group as a result of the COVID-19 outbreak, which occurred after the financial year end. The months of June and July have seen the group return to profit. The Directors have put in place additional measures to mitigate any future financial impact of the outbreak, enabling the group to deliver against the current strategy in the most appropriate way given the current control measures introduced by government. The measures include putting in place a CLBILs loan of £4.0m and furloughing staff to make claims under the Job Retention Scheme.

On behalf of the Board



**J Shaw**  
Director

**Date: 25 August 2020**

## **GLOBE UNION (UK) LIMITED**

### **Report of the Directors for the year ended 31 December 2019**

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The Directors present their report together with the audited financial statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the Company is that of a parent undertaking. The principal activities of the Group are the provision of home improvement products and value added services to the retail, merchant and building trade. Services include global product sourcing solutions, transportation services, distribution services, logistics and specialised home delivery.

#### **Results and dividends**

The Group's total comprehensive profit for the year was £1.8m (2018: £1.2m). During the year a dividend was paid from P.J.H. Group Limited, a UK subsidiary, to Globe Union (UK) Ltd of £2m (2018: nil). There have been no further dividends declared by the Directors.

#### **Post balance sheet**

Based on internal forecasts and projections, the Directors believe that the Company and Group have adequate financial resources, including available banking facilities (see notes 16 and 17) which are subject to periodic renewal, to continue in operation for the foreseeable future and meet their liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Directors are satisfied that the going concern basis of preparation is appropriate.

#### **Going concern**

The COVID-19 outbreak that has occurred since the financial year end is likely to have an impact on the financial position of the Group during 2020. The Directors expect the group to continue operating but anticipate an impact to its operating model as it works within government's current guidelines.

The full impact of the COVID-19 outbreak cannot presently be estimated with any certainty due to potential second spike, but the recovery in sales and profits, along with the stress testing of the Group's financial position has satisfied the Directors that it has adequate reserves and mitigation strategies to deal with the impact of the outbreak as it unfolds. This is considered to be a non-adjusting post balance sheet event. These mitigation strategies include putting in place a CLBILs loan of £4.0m and furloughing staff to make claims under the Job Retention Scheme.

#### **Future developments**

The Directors believe the UK demand for home improvement products and new homes, presents the opportunity for strong continued future sales growth.

The Group continues to increase its sales within all of its market channels and make investments towards future growth in respect of facilities and technology.

#### **Employee involvement**

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Group's incentive schemes and are encouraged to invest in the Group through participation in share option schemes.

#### **Disabled persons**

The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities, and wherever possible the Group continues the employment of employees who became disabled while employed by the Group. Disabled employees are treated no differently from other employees as regards to training, career development and promotion opportunities. The policy was operated by the Group throughout the year.

The Group recognises the benefits of keeping employees informed of the progress of the business and by involving them in the Group and trading subsidiary's performance. During the year the employees were regularly provided with information regarding the performance of the trading subsidiary and on other matters of concern to them as employees.

## **GLOBE UNION (UK) LIMITED**

### **Report of the directors for the year ended 31 December 2019 (Continued)**

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#### **Directors' and officers' insurance**

The Group maintains cover with respect to Directors' and officers' indemnity insurance. This insurance covers them in their roles as Directors of the Group.

The Group has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

#### **Directors**

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

R George  
J Shaw  
A Yates (resigned 31<sup>st</sup> December 2019)  
S Ouyoung (resigned 31<sup>st</sup> December 2019)  
T Chen  
L Lee

#### **Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each year. Under that law, the Directors have elected to prepare the financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the Directors must not approve 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 Group, and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

Each of 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 Group's and the Company's auditors are unaware; and each Director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Group's and the Company's auditors are aware of that information.

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General meeting.

**GLOBE UNION (UK) LIMITED**

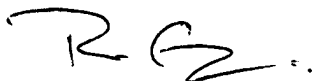
**Report of the directors for the year ended 31 December 2019 (Continued)**

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**Strategic Report**

In accordance with Section 414C (11) of the Companies Act 2006 the Group has presented matters considered to be of strategic importance within the Strategic Report. The elements of the directors' report considered strategically important are those in respect of customer and supplier relationships.

By order of the Board

A handwritten signature in black ink, appearing to read 'R George', is written over the text 'By order of the Board'.

**R George**  
**Director**

**Date: 25 August 2020**



**Independent auditors' report  
to the members of Globe Union (UK) Limited**

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**Opinion**

We have audited the financial statements of Globe Union (UK) Limited (the 'Parent Company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Independent auditors' report  
to the members of Globe Union (UK) Limited**

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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Anthony Steiner FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire  
PR2 5PE

Date 25 August 2020

**GLOBE UNION (UK) LIMITED**

**Consolidated Statement of Comprehensive Income  
For the year ended 31 December 2019**

	<b>Note</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Turnover</b>	<b>3</b>	<b>139,992</b>	<b>128,416</b>
Cost of sales		<u>(106,590)</u>	<u>(96,090)</u>
<b>Gross profit</b>		<b>33,402</b>	<b>32,326</b>
Other operating income	<b>6</b>	<b>2,164</b>	<b>644</b>
Distribution costs		<b>(15,958)</b>	<b>(14,121)</b>
Administrative expenses (including exceptional items of nil (2018: £796k))		<u><b>(17,384)</b></u>	<u><b>(16,888)</b></u>
<b>Operating profit</b>	<b>7</b>	<b>2,224</b>	<b>1,961</b>
Interest payable and similar charges	<b>8</b>	<u><b>(489)</b></u>	<u><b>(488)</b></u>
<b>Profit on ordinary activities before taxation</b>		<b>1,735</b>	<b>1,473</b>
Taxation	<b>9</b>	<u><b>(571)</b></u>	<u><b>(581)</b></u>
<b>Profit for the financial year</b>		<b>1,164</b>	<b>892</b>
<b>Other comprehensive income</b>			
Actuarial gain on pension scheme	<b>21</b>	<b>769</b>	<b>421</b>
Tax relating to other comprehensive income		<u><b>(131)</b></u>	<u><b>(72)</b></u>
<b>Total comprehensive profit for the year</b>		<u><b>1,802</b></u>	<u><b>1,241</b></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**GLOBE UNION (UK) LIMITED**

**Consolidated and Company Statements of Financial Position  
At 31 December 2019**


		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Goodwill	10	11,116	12,556	-	-
Other intangible assets	11	511	243	-	-
Tangible assets	12	2,457	1,339	-	-
Investments	13	-	-	39,400	39,400
		<u>14,084</u>	<u>14,138</u>	<u>39,400</u>	<u>39,400</u>
<b>Current assets</b>					
Stock	14	19,347	17,677	-	-
Debtors	15	20,284	19,968	42	42
Cash at bank and in hand		1,667	473	-	-
		<u>41,298</u>	<u>38,118</u>	<u>42</u>	<u>42</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(34,341)</u>	<u>(30,580)</u>	<u>(6,065)</u>	<u>(6,065)</u>
<b>Net current assets/(liabilities)</b>		<u>6,957</u>	<u>7,538</u>	<u>(6,023)</u>	<u>(6,023)</u>
<b>Total assets less current liabilities</b>		21,041	21,676	33,377	33,377
<b>Creditors: amounts falling due after one year</b>	17	<u>(1,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
<b>Net assets excluding pension liability</b>		20,041	19,676	33,337	31,377
<b>Pension liability</b>	21	<u>(1,543)</u>	<u>(2,980)</u>	<u>-</u>	<u>-</u>
<b>Net assets including pension liability</b>		<u>18,498</u>	<u>16,696</u>	<u>33,337</u>	<u>31,377</u>
<b>Capital and reserves</b>					
Share capital	22	39,530	39,530	39,530	39,530
Profit and loss account	22	<u>(21,032)</u>	<u>(22,834)</u>	<u>(6,153)</u>	<u>(8,153)</u>
<b>Equity</b>		<u>18,498</u>	<u>16,696</u>	<u>33,377</u>	<u>31,377</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's total comprehensive income for the year was a result of £2m as a result of a dividend received of £2m (2018: nil).

The financial statements on pages 9 to 34 were approved by the Board of Directors on \_\_\_\_\_ and were authorised for issue and signed on its behalf by:

**J Shaw**

**Director**



**Date: 25 August 2020**

**Registered number 06079749**

**GLOBE UNION (UK) LIMITED**

**Statements of Changes in Equity  
For the year ended 31 December 2019**

<b>Group</b>		<b>Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
	<b>Note</b>			
<b>Balance at 1 January 2018</b>		<b>39,530</b>	<b>(24,075)</b>	<b>15,455</b>
Profit for the year		-	892	892
<b>Other comprehensive income</b>				
Actuarial profit on pension liability		-	421	421
Tax relating to other comprehensive income		-	(72)	(72)
<b>Total comprehensive gain for the year</b>		<b>-</b>	<b>1,241</b>	<b>1,241</b>
<b>Balance at 1 January 2019</b>		<b>39,530</b>	<b>(22,834)</b>	<b>16,696</b>
Profit for the year		-	1,164	1,164
<b>Other comprehensive income</b>				
Actuarial gain on pension liability	21	-	769	769
Tax relating to other comprehensive income	21	-	(131)	(131)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>1,802</b>	<b>1,802</b>
<b>Balance at 31 December 2019</b>		<b>39,530</b>	<b>(21,032)</b>	<b>18,498</b>

<b>Company</b>		<b>Share Capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2018 and 1 January 2019</b>		<b>39,530</b>	<b>(8,153)</b>	<b>31,377</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>2,000</b>	<b>2,000</b>
<b>Balance at 31 December 2019</b>		<b>39,530</b>	<b>(6,153)</b>	<b>33,377</b>

**GLOBE UNION (UK) LIMITED**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Cash generated by operations	24	3,390	7,247
Taxation paid		(580)	(174)
<b>Net cash generated/(used) in operating activities</b>		<u>2,810</u>	<u>7,073</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(383)	(506)
Purchase of intangible fixed assets		(1,637)	(217)
<b>Net cash used in investing activities</b>		<u>(2,020)</u>	<u>(723)</u>
<b>Financing activities</b>			
Bank loan received		2,000	-
Repayment of inter company loan		(2,000)	-
Repayment of bank loan		(200)	-
Interest paid		(489)	(488)
Increase/(Decrease) in invoice discounting facility		1,093	(5,492)
<b>Net cash from financing activities</b>		<u>404</u>	<u>(5,980)</u>
<b>Net increase in cash and cash equivalents</b>		<u>1,194</u>	<u>370</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>473</u>	<u>103</u>
<b>Cash and cash equivalents at end of year</b>		<u>1,667</u>	<u>473</u>

## **GLOBE UNION (UK) LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2019**

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#### **1 Accounting policies**

##### **Company information**

Globe Union (UK) Limited ("the company") is a private company limited by shares domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Alder House, Slackey Brow, Kearsley, Bolton, Lancashire, BL4 8SL.

The Group consists of Globe Union (UK) Limited and all of its subsidiaries.

The principal activity of the Company is that of a parent undertaking. The principal activities of the Group are the provision of home improvement products and value added services to the retail, merchant and building trade. Services include global product sourcing solutions, transportation services, distribution services, distribution centres, logistics and specialised home delivery.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and are in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", and the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

##### **Reduced disclosures**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 33 'Key Management Remuneration' – Disclosures in respect of key management remuneration, otherwise covered at the consolidated level.

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Globe Union (UK) Limited and all of its subsidiaries (ie entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2019.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

## GLOBE UNION (UK) LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2019

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#### 1 Accounting policies (continued)

##### **Going concern**

Since the significance of the economic impacts of the COVID-19 outbreak have become apparent, the Directors have reviewed in detail the Group's position and the appropriate basis on which to prepare the financial statements. The Directors anticipate that there will be an adverse impact to its operating model as a result of the working guidelines introduced by government following the outbreak of the virus. The Directors have considered detailed projections to 31st December 2021, together with a longer term assessment, to stress test the financial resilience of the Group which take into account both a potential decline in income and increase in costs over this period. Whilst the Directors recognise that the first half of 2020 has been a challenging period, the recovery from the initial COVID lockdown has been strong and sales have been 'V shaped'. The business was able to continue to trade throughout the lockdown as some customers remained open being designated 'key' by the Government. The business recommenced operations in all channels on 11th May 2020. The business returned to profit in June. Sales in July were in excess of sales in July 2019.

The full impact of the COVID-19 outbreak cannot presently be estimated with any certainty, due to possibility of a second spike, but the recovery in sales and profits, along with the stress testing of the Group's financial position, has satisfied the Directors that it has adequate reserves and mitigation strategies available to deal with the impact of the outbreak as it unfolds. Accordingly, the Directors have prepared the financial statements on the going concern basis.

##### **Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the Group.

##### **Foreign currencies**

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

All translation differences are taken to profit or loss.

##### **Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Specific details of revenue recognition policies are given below:

##### **Sales of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

##### **Rendering of services**

Revenue from the provision of services including global product sourcing solutions, transportation services, distribution centres, logistics and specialised home delivery is recognised by reference to the stage of completion.

##### **Intangible fixed assets- Goodwill**

Goodwill is capitalised and written off evenly over 20 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.



## GLOBE UNION (UK) LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 1 Accounting policies (continued)

##### **Intangible fixed assets - Other**

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	-	20% - 100% per annum straight line
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Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

##### **Tangible fixed assets**

Tangible fixed assets are measured at cost net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Short leasehold land & buildings	-	life of lease
Plant & machinery, fixtures & fittings	-	10% - 33% per annum straight line
Motor vehicles	-	10% - 33% per annum straight line

Freehold land is not depreciated.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

##### **Impairment of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

If such indications exist, the Group and Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

## GLOBE UNION (UK) LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2019

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#### 1 Accounting policies (continued)

##### *Impairment of fixed assets (continued)*

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

##### **Fixed asset investments**

In the separate accounts of the Company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

##### **Leases**

###### ***The Group and Company as lessee – operating leases***

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight-line basis over the lease term.

Rent-free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

## GLOBE UNION (UK) LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2019

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#### 1 Accounting policies (continued)

##### **Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

##### **Employee benefits**

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

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group and Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

During the prior year the defined benefit retirement plan was closed for contributions. The assets of the scheme are held separately from those of the Group. The members have now been transferred to the Group defined contribution scheme. The annual contributions payable to the defined contribution scheme are charged to the profit and loss account.

##### **Defined benefit plans**

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit comprises operating charges, finance costs and movements through Other Comprehensive Income.

##### **Asset/Liability**

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

##### **Gains/Losses**

Gains or losses recognised in profit or loss include:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost;
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred; and
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

## **GLOBE UNION (UK) LIMITED**

### **Notes to the financial statements (continued) for the year ended 31 December 2019**

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#### **1 Accounting policies (continued)**

##### **Retirement benefits (continued)**

##### **Gains/Losses (continued)**

Gains or losses recognised in other comprehensive income include:

- Actuarial gains and losses;
- The difference between the interest income on the plan assets and the actual return on the plan assets; and
- Deferred tax on actuarial gains and losses and other amounts recognised through other comprehensive income.

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group and Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

##### **Cash and cash equivalents**

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

## GLOBE UNION (UK) LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 1 Accounting policies (continued)

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the Group and Company becomes a party to the contractual provisions of the instrument, and are offset only when the Group and Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Financial assets**

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### **Financial liabilities and equity**

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

##### **Equity instruments**

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### **Trade, group and other creditors**

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

##### **Bank overdrafts**

Bank overdrafts are presented within creditors: amounts falling due within one year.

##### **Borrowings**

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

##### **De-recognition of financial assets and liabilities**

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

## GLOBE UNION (UK) LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2019

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#### 2 Critical accounting estimates and areas of judgement

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.

##### *Critical accounting estimates, assumptions and judgements*

The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **Pension and other post-employment benefits**

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country.

Further details are given in note 21.

##### **Stock provision**

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends. Provisions of £501k (2018: £513k) are included within stock. Whilst there could be under or over statement, past experience has proved the provision calculation to be materially reasonable.

##### **Judgements taken in respect of goodwill and investments**

In the Director's judgement there are no indicators of impairment at the period end which would require a full impairment review to be undertaken.

# GLOBE UNION (UK) LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2019

### 3 Turnover

Turnover is wholly attributable to the principal activity of the Group and arises solely within the United Kingdom.

### 4 Employee numbers and expenses

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

	2019 Number	2018 Number
Sales and distribution staff	331	344
Administration staff	163	164
	<u>494</u>	<u>508</u>

The aggregate payroll costs of these persons were as follows:

	2019 £'000	Restated* 2018 £'000
Wages and salaries	14,173	13,694
Social security costs	1,357	1,252
Other pension costs	563	540
	<u>16,093</u>	<u>15,486</u>

There are no employees of the Company (2018: none).

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs, or amounts recognised within the Statement of Comprehensive Income.

There are 2 (2018: 5) Directors and employees of the group who have received share options in the ultimate parent undertaking. The share-based payment charge is not material to the financial statements.

\* The directors have revisited the staff cost disclosure as presented in the 2018 financial statements and have made changes to the costs disclosed in respect of those employees. The restated disclosure more accurately reflects information in respect of those employees who hold contracts of employment with the Group. The costs previously disclosed for the prior year in respect of those employees was £16,599k. The adjustment is one of disclosure only with no impact on the result for the prior year end or net assets at the prior year end.

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**5 Directors' remuneration**

In respect of the directors of the Company:

	<b>2019 £'000</b>	<b>2018 £'000</b>
Aggregate emoluments	573	487
Company pension contributions to money purchase schemes	<u>47</u>	<u>45</u>
	<u>620</u>	<u>532</u>

**Highest paid Director**

Aggregate emoluments	345	267
Company pension contributions to money purchase schemes	<u>30</u>	<u>29</u>
	<u>375</u>	<u>296</u>

There are 2 Directors (2018: 2) in the Company to whom retirement benefits are accruing under money purchase schemes during the year ended 31 December 2019.

Group pension contributions to money purchase schemes represent contributions paid to Directors' individual pension arrangements.

The highest paid Director did not exercise any share options during the year (2018: none).

**6 Other operating income**

This comprises insurance receipts in respect of business interruption.



**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**7 Operating profit**

Operating profit before tax is derived after charging:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of tangible assets:		
- Owned	519	470
Amortisation of intangible fixed assets and goodwill	1,555	1,503
Operating lease rentals:		
- Plant and Machinery	1,713	1,343
- Other assets	1,706	1,645
Cost of stocks recognised as an expense	104,361	89,376
Auditors' remuneration: Audit services		
- Statutory audit of company and group financial statements	5	5
- Statutory audit of subsidiary financial statements	47	45

*Exceptional Items*

In the current year administrative expenses include costs of £2.6m relating to demurrage and other incremental costs following the fire in 2018. The costs have been offset by insurance proceeds of £2.6m.

In 2018 administration expenses included a charge of £3.7m relating to stock impairment subsequent to the fire and £0.1m of fixed asset losses. £3.3m of the charge was offset by the insurance claim. A £0.5m charge was included within administrative expenses in respect of potential under-recovery of claims from the fire. Administrative expenses of £236k past service cost in respect of changes in pensions legislation (GMP Equalisation) and £60k of legal costs for calculating the pension changes, were also recognised as exceptional.

The tax impact of the exceptional costs, excluding the insurance claim provision of £500k, was to reduce the profits chargeable to corporation tax in the year.

**8 Interest payable and similar charges**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans and overdrafts	416	409
Finance costs in respect of defined benefit pension schemes	73	79
	<u>489</u>	<u>488</u>

**9 Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total current tax</b>	212	444
<b>Deferred tax</b>		
Origination and reversal of timing differences	279	126
Adjustment in respect of prior periods	80	11
<b>Total Deferred Tax</b>	<u>359</u>	<u>137</u>
<b>Total tax on profit on ordinary activities</b>	<u>571</u>	<u>581</u>

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**9 Taxation (continued)**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before taxation	1,735	1,473
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	329	280
Effects of:		
Expenses not deductible in determining taxable profit	6	12
Depreciation on assets not qualifying for capital allowances	13	20
Adjustments to tax in respect of prior periods	(99)	-
Goodwill not deductible for tax purposes	274	274
Deferred tax adjustment in respect of previous years	80	11
Effect of change in corporation tax rate	(32)	(16)
<b>Total tax charge for the year</b>	<b>571</b>	<b>581</b>

In addition to the amount charged to profit or loss, a debit of £131k (2018: £72) has been recognised in other comprehensive income, which comprises deferred tax relating to actuarial gains and losses in respect of the defined benefit pension scheme.

**Factors that may affect future tax charges**

The UK Government announced on 11 March 2020 that planned future reductions in the rate of corporation tax from 19% to 17% have been cancelled. Notwithstanding, as the Finance Bill 2020 has not yet been published and substantially enacted, the deferred tax asset in the financial statements has been calculated at 17%

**10 Goodwill**

**Group**

	<b>£'000</b>
<b>Cost</b>	<b>49,722</b>
At 1 January 2019 and 31 December 2019	<u>          </u>
<b>Amortisation</b>	
At 1 January 2019	37,166
Charge for the year	1,440
At 31 December 2019	<u>38,606</u>
<b>Net book value</b>	
At 31 December 2019	<u>11,116</u>
At 31 December 2018	<u>12,556</u>

The remaining goodwill will be amortised over the remaining eight years of its useful life of twenty years.

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**11 Intangible assets - Other Group**

	<b>Software £'000</b>
<b>Cost</b>	
At 1 January 2019	1,480
Additions	383
At 31 December 2019	<u>1,863</u>
<b>Depreciation</b>	
At 1 January 2019	1,237
Charge for the year	115
At 31 December 2019	<u>1,352</u>
<b>Net book value</b>	
At 31 December 2019	<u>511</u>
At 31 December 2018	<u>243</u>

The amortisation charge for the year is recognised within administrative expenses.

The Company had no intangible assets in either the current or prior year.

**12 Tangible assets Group**

	<b>Freehold land £'000</b>	<b>Short leasehold buildings £000</b>	<b>Plant machinery, fixtures and fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January 2018	200	1,018	4,006	628	5,852
Additions	-	269	1,368	-	1,637
At 31 December 2019	<u>200</u>	<u>1,287</u>	<u>5,374</u>	<u>628</u>	<u>7,489</u>
<b>Depreciation</b>					
At 1 January 2019	-	767	3,251	495	4,513
Charge for the year	-	92	376	51	519
At 31 December 2019	<u>200</u>	<u>859</u>	<u>3,627</u>	<u>546</u>	<u>5,032</u>
<b>Net book value</b>					
At 31 December 2018	<u>200</u>	<u>428</u>	<u>1,747</u>	<u>82</u>	<u>2,457</u>
At 31 December 2018	<u>200</u>	<u>251</u>	<u>755</u>	<u>133</u>	<u>1,339</u>

The cost of freehold land which is not depreciated is £200k (2018: £200k).

The Company had no tangible fixed assets in either the current or prior year.

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**13 Fixed asset investments**

Company	Shares in Group undertakings £'000
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	55,400
<b>Provisions for impairment</b>	
At 1 January 2019 and 31 December 2019	16,000
<b>Net book value</b>	
At 31 December 2019	39,400
At 31 December 2018	39,400

**Holdings of more than 20%**

The Company holds more than 20% of the share capital within the following companies:

Company	Country of incorporation	Shares held	
Subsidiary undertaking		Class	%
P.J.H. Group Limited	England	Ordinary shares	100
PJH Trustees Limited	England	Ordinary shares	100
PJH (HK) Limited	Hong Kong	Ordinary shares	100
PJH Procurement Consultancy			
Shanghai Company Limited	China	Ordinary shares	100
Appliance Megastore Limited	England	Ordinary shares	100

The principal activity of these undertakings for the relevant financial year was as follows:

Subsidiary undertaking & Registered Address	Principal activity
P.J.H. Group Limited <i>Alder House, Slackey Brow, Kearsley, Bolton BL4 8SL</i>	Distribution
PJH Trustees Limited <i>Alder House, Slackey Brow, Kearsley, Bolton BL4 8SL</i>	Dormant
PJH (HK) Limited <i>Units 1705-6, 17/F, Sunlight Tower, 248 Queens Road East, Wanchai, Hong Kong</i>	Investment company
PJH Procurement Consultancy Shanghai Company Limited <i>Room A, 4<sup>th</sup> Floor, No 969 Wuding Road, Shanghai, PR China</i>	Consultancy
Appliance Megastore Limited <i>Alder House, Slackey Brow, Kearsley, Bolton BL4 8SL</i>	Dormant

**14 Stock**

	Group		Company	
	2019	2018	2018	2017
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	19,347	17,677	-	-

Finished good stocks include provisions of £501k (2018: £513k).

Please see note 7 for details of impairment to stock in the prior year.

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**15 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	16,520	16,474	-	-
Amounts owed by Group undertakings	34	103	42	42
Corporation tax	94	-	-	-
Other debtors	1,792	1,702	-	-
Prepayments and accrued income	1,660	1,012	-	-
Deferred tax asset (note 20)	184	677	-	-
	<u>20,284</u>	<u>19,968</u>	<u>42</u>	<u>42</u>

Trade debtors includes a gross balance of £16,588k (2018: £16,754k) subject to invoice financing arrangements.

**16 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank Loan	800	-	-	-
Trade creditors	21,279	18,128	-	-
Amounts owed to Group undertakings	11	-	6,025	6,025
Invoice discounting creditor	8,234	7,141	-	-
Corporation tax	-	274	-	-
Other taxation and social security	1,826	2,128	-	-
Other creditors	1,464	1,891	40	40
Accruals and deferred income	727	1,018	-	-
	<u>34,341</u>	<u>30,580</u>	<u>6,065</u>	<u>6,065</u>

The following liabilities disclosed within Creditors: amounts falling due within one year are secured by the Group:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank Loan	800	-	-	-
Invoice discounting creditor	8,234	7,141	-	-
	<u>9,034</u>	<u>7,141</u>	<u>-</u>	<u>-</u>

The invoice discounting creditor is secured by fixed and floating charges on the Group's assets.

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**17 Creditors: amounts falling due after one year**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loan	1,000	-	-	-
Amounts owed to Parent Undertaking	-	2,000	-	2,000
	<u>1,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Loans maturity:</b>				
Bank loan due within one year	800	-	-	-
Bank loan falling due after more than one year	1,000	-	-	-
Parental loan due after more than one year	-	2,000	-	2,000
	<u>1,800</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>

The bank loan is repayable in quarterly instalments of £200k, with interest charged to the current account, at 1.5% over base rate. It is secured by fixed and floating charges on the Company's assets.

The inter-company loan was at 0% interest and was repayable on two years notice.

The directors have considered the requirement to recognise the loan balance at amortised cost and do not consider the impact to be material to the uses of the financial statements.

**18 Analysis of changes in net debt**  
**Group**

	<b>1 January</b>	<b>Cashflows</b>	<b>31</b>
	<b>2019</b>	<b>2019</b>	<b>December</b>
	<b>£'000</b>	<b>£000</b>	<b>2019</b>
	<b>£'000</b>	<b>£000</b>	<b>£'000</b>
<b>Cash at bank and in hand</b>	473	1,194	1,667
Bank loan	-	(800)	(800)
Invoice Finance	(7,141)	(1,093)	(8,234)
<b>Debt due within one year</b>	<u>(6,668)</u>	<u>(699)</u>	<u>(7,367)</u>
Intercompany loan	(2,000)	2,000	-
Bank loan	-	(1,000)	(1,000)
<b>Debt due after one year</b>	<u>(2,000)</u>	<u>1,000</u>	<u>(1,000)</u>
<b>Total net debt</b>	<u>(8,668)</u>	<u>301</u>	<u>(8,367)</u>

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**19 Financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Carrying amount of financial assets				
Debt instruments measured at amortised cost	18,346	18,279	42	42
Equity instruments measured at amortised cost	-	-	39,400	39,400
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	36,515	30,178	6,065	6,065
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**20 Deferred tax assets**

The major deferred tax assets recognised by the group are:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Retirement benefit obligation	263	605	-	-
Excess of depreciation over capital allowances	(79)	72	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>184</u>	<u>677</u>	<u>-</u>	<u>-</u>

	<b>Deferred tax asset £'000</b>
Balance at 1 January 2019	677
Deferred tax charge in profit and loss account	(362)
Amount recognised in other comprehensive income	<u>(131)</u>
Balance at 31 December 2019	<u>184</u>

Tax losses are expected to be recovered within one year based on management's forecasts.

**21 Retirement benefits**

The Group operates a defined contribution scheme. Contributions in the current and prior year are shown in note 4.

The Group operates a defined benefit pension scheme in the United Kingdom, the PJH Group Pension Scheme. The scheme is established under trust and is funded by the payment of contributions to a separately administered trust fund. P.J.H Group Limited is the sponsoring employer of the defined benefit pension scheme, while PJH Group Trustees Ltd has legal responsibility for the scheme.

The latest formal actuarial assessment of the scheme was as at 31 December 2018. This valuation has been rolled forward using actual cash flows over the period ended 31 December 2019. Allowing for the membership data of the latest actuarial valuation has resulted in an experience gain of £962k due to actual member experience since the last actuarial valuation versus roll forward assumptions. At December 2018 the market value of the assets was £21,408k and the funding deficit was £3,022k. The market value of the assets was sufficient to cover 88% of the benefits that had accrued to members.

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**21 Retirement benefits (continued)**

A funding plan was agreed by the Trustee and the Group following the 31 December 2018 valuation, which aims to recover the deficit by paying £42k per month into the scheme from 1 January 2020, along with a one off additional contribution of £400k made in September 2019. Until 1 January 2020 £33k per month was paid into the scheme (2018: £33k per month). The scheme was closed to future accrual in April 2018 and member contributions and service costs ceased at that date. Employer contributions in relation to accrual of benefits were paid at the rate of 18.4% of pensionable earnings up until this date.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Contributions payable by the Group for the year	<u>920</u>	<u>556</u>

**Principal actuarial assumptions at the date of the Statement of Financial Position (expressed as weighted averages):**

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Discount rate at 31 December 2019	2.00	2.80
Future salary increases	n/a	n/a
Future pension increases (CPI)	1.79	1.79
Inflation (CPI)	2.15	2.25

The accounting standard prescribes that the discount rate is set with reference to the yield on high quality (AA rated) corporate bonds, and the other assumptions are mutually compatible and represent a 'best estimate'. The standard also requires the scheme's expected rate of return on assets is set equal to the discount rate adopted.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The actuarial tables used for mortality rates in 2019 were S2 PXA plus 1-year age rating YoB CMI\_2018\_1.25% and for 2018 were S2 PXA plus 1-year age rating YoB CMI\_2017\_1.25%.

The average life expectancy for an employee retiring at 65 on the reporting date is:

	<b>2019</b>	<b>2018</b>
	<b>Years</b>	<b>Years</b>
Current pensioners		
- Males	20.6	21.1
- Females	n/a	n/a

The average life expectancy for an employee retiring at 65 that is aged 50 on the reporting date is:

- Males	21.5	22.1
- Females	n/a	n/a

Amounts recognised in profit or loss, in respect of defined benefit schemes, are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	-	38
Past service cost	-	236
Scheme administration expenses	179	132
Net interest on the net defined benefit liability	<u>73</u>	<u>79</u>
	<u>252</u>	<u>485</u>



**GLOBE UNION (UK) LIMITED**

**Notes to the Financial Statements (continued)**  
**for the year ended 31 December 2019**

**21 Retirement benefits (continued)**

**Amounts taken to other comprehensive income:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	2,722	(1,476)
Actuarial gains arising from changes in demographic assumptions	595	109
Actuarial (losses)/gains arising from changes in financial assumptions	(3,510)	1,788
Experience gains on liabilities	962	-
	<u>769</u>	<u>421</u>

**Amounts recognised in the Statement of Financial Position:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	26,222	24,638
Fair value of plan assets	<u>(24,679)</u>	<u>(21,658)</u>
Net liability	<u>1,543</u>	<u>2,980</u>

The pension scheme assets include no assets from the Group's own financial statements, nor property occupied by, or other assets used by, the Group.

**Changes in present value of the defined benefit obligation:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	24,638	28,091
Current service cost	-	38
Past service cost	-	236
Interest cost	675	647
Contributions by scheme participants	-	11
Actuarial losses/(gains)	2,915	(1,897)
Experience gains on liabilities	(962)	-
Benefits paid	<u>(1,044)</u>	<u>(2,488)</u>
	<u>26,222</u>	<u>24,638</u>

**GLOBE UNION (UK) LIMITED**

**Notes to the Financial Statements (continued)  
for the year ended 31 December 2019**

**21 Retirement benefits (continued)**

**Changes in fair value of plan assets:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of plan assets	21,658	24,619
Interest income	602	568
Return on scheme assets excluding interest income	2,722	(1,476)
Scheme administration expenses	(179)	(132)
Contributions by employer	920	556
Contributions by scheme participants	-	11
Benefits paid	(1,044)	(2,488)
	<u>24,679</u>	<u>21,658</u>

The analysis of the scheme assets at the reporting date were as follows:

		<b>2019</b>		<b>2018</b>
		<b>£'000</b>		<b>£'000</b>
Corporate bonds	16%	3,824	99%	21,544
Cash	1%	157	1%	114
Liability driven investment	20%	4,832		-
Absolute return bonds	31%	7,730		-
Diversified growth funds	32%	8,136		-
		<u>24,679</u>		<u>21,658</u>

Following an investment strategy review in 2019, the Group and the Trustee agreed to adopt a new investment strategy for the scheme which is expected to reduce the inflation and interest rate risks faced by the scheme and provide a higher long-term return. The new strategic benchmark allocation is 30% in liability driven investments, 15% in corporate bonds, 27% in absolute return bonds and 28% in diversified growth funds. The transition to the new investment strategy was ongoing at 31 December 2019.

**GLOBE UNION (UK) LIMITED**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**22 Share capital and reserves**

**Share capital**

	2019 £'000	2018 £'000
Allotted, called up and fully paid 39,529,845 Ordinary shares of £1 each	<u>39,530</u>	<u>39,530</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

**Reserves**

Reserves of the Company represent the following

*Profit and loss account*

Cumulative profit and loss net of distributions to owners.

**23 Contingent liabilities**

At 31 December 2019 there were contingent liabilities in respect of unlimited cross guarantees for facilities provided by the HSBC Bank Plc to the companies within the Group, headed by Globe Union (UK) Limited.

There is a £400k guarantee in the favour of HMRC.

Total letters of credit at 31 December 2019 £4,354,390.

**24 Statement of cash flow notes**

**Reconciliation of operating profit to net cash inflow  
from operating activities**

	2019 £'000	2018 £'000
Profit after tax	1,164	892
Taxation	571	581
Interest payable	489	488
Amortisation of goodwill and intangibles	1,555	1,503
Depreciation on tangible assets	519	470
Loss on disposal of assets	-	117
Defined benefit pension scheme non-cash movement	(668)	(71)
(Increase)/decrease in stocks	(1,670)	2,317
(Increase)/decrease in debtors	(715)	4,944
Increase/(decrease) in creditors	<u>2,145</u>	<u>(3,994)</u>
Cash utilised by from operations	<u>3,390</u>	<u>7,247</u>

## GLOBE UNION (UK) LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 25 Commitments under operating leases

##### The Group as a lessee:

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

	2019 £'000	2018 £'000
Amounts due:		
Within one year	3,176	3,604
Between one and five years	5,609	7,577
After five years	-	418
Total	8,785	11,599

Operating leases represent leases of property, motor vehicles and forklift trucks. Property leases are negotiated over a number of terms between 2 to 10 years.

Motor vehicles and forklifts are negotiated on terms between 3 to 5 years.

#### 26 Related party transactions

The Company has taken advantage of the exemption under FRS 102 Section 33.1A "Related Party Transactions" from disclosing transactions with wholly owned members of the Globe Union Industrial Corp group.

#### 27 Remuneration of key management personnel of the Group

	2019 £'000	2018 £'000
Aggregate compensation	697	579

#### 28 Ultimate parent company

The ultimate parent undertaking and controlling party of the Company is Globe Union Industrial Corp, Taiwan, a company incorporated in Taiwan. Copies of the Group financial statements, within which the results of the Group are included, are available from the ultimate parent undertaking and can be obtained from Globe Union Industrial Corp, 22 Chien Kou Road, Taichung, 427 ROC.

Balances with the wider group are disclosed in notes 15, 16 and 17.

The Company's immediate parent company is Globe Union Cayman Corp, incorporated in the Cayman Islands.

#### 29 Post balance sheet events

The COVID-19 outbreak that has occurred since the financial year end is likely to have an impact on the financial position of the Group during 2020. The Directors expect the group to continue operating but anticipate an impact to its operating model as it works within government's current guidelines.

The full impact of the COVID-19 outbreak cannot presently be estimated with any certainty due to a potential second spike, but the recovery in sales and profits, along with the stress testing of the Group's financial position has satisfied the Directors that it has adequate reserves and mitigation strategies to deal with the impact of the outbreak as it unfolds. This is considered to be a non-adjusting post balance sheet event. These mitigation strategies include putting in place a CLBILs loan of £4.0m and furloughing staff to make claims under the Job Retention Scheme.