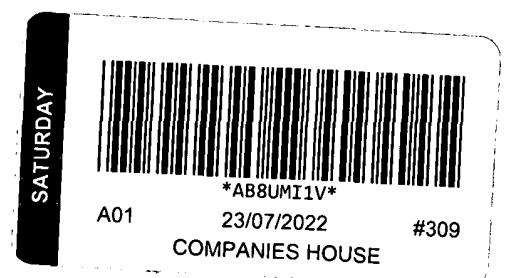


Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2021
for
Globe Union (UK) Limited



Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2021

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	6
Report of the Independent Auditors	9
Consolidated Income Statement	13
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Company Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Consolidated Statement of Cash Flows	20
Notes to the Consolidated Financial Statements	22

Globe Union (UK) Limited

Company Information
for the Year Ended 31 December 2021

DIRECTORS:

R I George
J D Shaw
Miss L Lee
T Chen

SECRETARY:

J D Shaw

REGISTERED OFFICE:

PJH House
Lomax Way
Bolton
BL5 1FQ

REGISTERED NUMBER:

06079749

AUDITORS:

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

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

REVIEW OF 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 services, logistics and specialised home delivery.

The Directors are pleased to report a return to normal business trading following the Covid pandemic, which impacted results in 2020. Comparisons against 2019 results are included to demonstrate the continued growth.

Sales during 2021 increased on the prior year by 33% and the increase against 2019 was 24%, demonstrating a return to normal trading and also growth following the Covid pandemic. Detailed figures can be seen in the KPI table below.

Both Operating profit and EBITDA (Earnings before interest, tax, depreciation and amortisation) also showed positive improvements on both 2020 and 2019. Figures are detailed in the KPI table below.

The Group has also improved its Gross Profit percentage over the three year period shown below, this is due to an improved sales mix and together with the strong sales trend contributes to the ongoing increase in profitability.

Inventories have increased since the previous year and this is largely due to freight price increases being incurred with regard to imports from the far east.

The net current asset position of the Group has improved from the previous year, this is in respect of profits earned during the year. Trade debtors and creditors were lower than the previous year, as the company returned to a more normal trading profile. The Group was not using the invoice finance facility at the end of 2020, due to a high level of creditors that were not due for payment, as trading patterns have returned to normal, the invoice finance facility is again being utilised.

In the year the Group has repaid all Covid related borrowings and has not made any claims under the Furlough scheme.

The Group has increased the headcount within the business to support its continued growth.

Key Performance Indicators ("KPIs")	2021	2020	2019
	£'000	£'000	£'000
Turnover	173,503	130,595	139,992
EBITDA	7,119	3,022	4,298
Operating profit	4,736	741	2,224
Gross Profit percentage	27.5%	26.0%	23.9%
Net current assets	10,926	7,061	6,957
<u>Non-financial key performance indicators</u>			
Average number of employees	606	516	492

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

MATTERS OF STRATEGIC IMPORTANCE

The Group considers relationships with its customers and suppliers to be of the utmost importance. The Group engages in regular dialogue with these stakeholders in order to maintain excellent relationships and ensure 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 product, but 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 other main areas of risk identified by the Board are:

Credit Risk

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

Foreign exchange risk

Fluctuations in exchange rates could have an impact on results due to the level of purchases made 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 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.

SECTION 172(1) STATEMENT

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).

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. We have developed a video to be used in inductions and ensure we can reach all employees promptly and consistently including those working from home. This has benefitted the company and this can be seen by the low staff turnover. 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. As we have gradually come out of the COVID pandemic, we have embraced hybrid working for staff in applicable roles. This enhances employees experience and work life balance.

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. During 2021 we opened three new Distribution out-base sites in Bristol, Enfield and Thirsk. Bristol and Thirsk were new-build sites and Enfield is also a modern unit. This enables us to enhance the geographical coverage of our next day delivery service, improving customer experience and subsequently growing sales. It also gives our employees a first class working environment. We have also developed our Bolton Distribution Centre site to enable it to operate as PJH Head office.

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 and we are proud to report a surplus position. 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 the Group whether with customers, suppliers or other stakeholders. By ensuring the company 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 company. 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 and as low emission as possible, vehicle fleet and ensuring waste is processed in the most efficient and environmental friendly manner.

Globe Union (UK) Limited

Group Strategic Report
for the Year Ended 31 December 2021

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 company that has high standards of business conduct.

ON BEHALF OF THE BOARD:

J D Shaw

.....
J D Shaw - Secretary

20/07/22
Date:

Globe Union (UK) Limited

Report of the Directors for the Year Ended 31 December 2021

The Directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

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.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

The Group's total profit for the year was £2,981k (2020: £-). During the year no dividends were paid from P.J.H. Group Limited, a UK subsidiary, to Globe Union (UK) Ltd. (2020: £-). There have been no further dividends declared by the Directors.

FUTURE DEVELOPMENTS

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

The Group continues to grow across all of its market channels, and has returned to a normal trading pattern since the impact of the Covid pandemic. The Group continues to make investments towards future growth in respect of facilities and technology.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

R I George
J D Shaw
Miss L Lee
T Chen

GOING CONCERN

Based on internal forecasts and projections, the Directors believe that the Group has adequate financial resources, including available banking facilities, 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.

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.

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 become 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.

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.

STREAMLINED ENERGY AND CARBON REPORTING

The Group has gathered data regarding scope one and scope two carbon emissions (as defined by the GHG Protocol) for the financial year spanning 1 January 2021 to 31 December 2021 from its UK operations for inclusion in Group Reporting (2021) as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation.

GLOBE UNION (UK)	Year Ending 31 December 2021	Year Ending 31 December 2020	Change
Energy consumption used to calculate emissions (kWh)	139,573,924	117,638,678	18.65%
Emissions from scope one fuels (tCO ₂ e)	6,922	5,948	16.37%
Emissions from scope two purchased electricity (tCO ₂ e)	226	280	-19.30%
Total gross tCO ₂ e	7,148	6,227	14.79%
Intensity rate tCO ₂ e/£100,000 turnover	0.042	0.048	-13.47%
Methodology using a specialist energy consultant	GHG Protocol	GHG Protocol	

The combined scope one and scope two carbon emissions for the period was recorded at 7,148 tCO₂e. This is an increase of 14.79% over the previous reporting year. However, the intensity rate for the period is calculated at 0.042 tCO₂e per £100,000 of revenue from company group operations, this is a 13.47% reduction on the previous year.

Despite the overall carbon emissions increase there has been a 19.3% reduction in emissions from scope 2, purchased electricity due to continual working from home practices for many employees.

The Group considers its social responsibility and environmental impact of high importance and will continue to act upon and review its compliance responsibilities.

DISCLOSURE IN THE 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, 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.

ON BEHALF OF THE BOARD:

R George

.....
R I George - Director

Date: 20/07/22
.....

Report of the Independent Auditors to the Members of
Globe Union (UK) Limited

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 2021 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including 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 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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.

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 Group's or Parent 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.

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

Report of the Independent Auditors to the Members of
Globe Union (UK) Limited

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the 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.

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 Statement of Directors' Responsibilities set out on page eight, 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 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.

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Health & Safety and Driving Hours. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected documentation which included internal board reports and reports produced by external compliance advisors.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business;
- performance of substantive analytical review and substantive tests of details over the completeness, existence and accuracy of revenue;
- testing a sample of revenue transactions around the year end to verify the cut of those items; and
- review of transactions outside the normal revenue cycles.

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.

Report of the Independent Auditors to the Members of
Globe Union (UK) Limited

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 a Report of the Auditors 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.

Michael Oates

Michael Oates CA (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: 21/07/22

Globe Union (UK) Limited

Consolidated Income Statement
for the Year Ended 31 December 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
REVENUE	4		173,503		130,595
Cost of sales			<u>125,853</u>		<u>96,603</u>
GROSS PROFIT			47,650		33,992
Distribution costs		25,398		18,425	
Administrative expenses		<u>17,524</u>		<u>16,232</u>	
			<u>42,922</u>		<u>34,657</u>
			4,728		(665)
Other operating income	5		<u>8</u>		<u>1,406</u>
OPERATING PROFIT	7		4,736		741
Interest payable and similar expenses	8	496		352	
Other finance costs	24	<u>19</u>		<u>25</u>	
			<u>515</u>		<u>377</u>
PROFIT BEFORE TAXATION			4,221		364
Tax on profit	9		<u>1,240</u>		<u>364</u>
PROFIT FOR THE FINANCIAL YEAR			<u>2,981</u>		<u>-</u>
Profit attributable to: Owners of the parent			<u>2,981</u>		<u>-</u>

The notes form part of these financial statements

Globe Union (UK) Limited

Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2021

	Notes	2021 £'000	2020 £'000
PROFIT FOR THE YEAR		2,981	-
OTHER COMPREHENSIVE INCOME/(LOSS)			
Actuarial gains/(losses) pension scheme		1,638	(541)
Income tax relating to other comprehensive income/(loss)		<u>(311)</u>	<u>103</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX		<u>1,327</u>	<u>(438)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>4,308</u>	<u>(438)</u>
Total comprehensive income/(loss) attributable to: Owners of the parent		<u>4,308</u>	<u>(438)</u>

The notes form part of these financial statements

Consolidated Statement of Financial Position
31 December 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
FIXED ASSETS					
Intangible assets	11		8,723		10,087
Property, plant and equipment	12		2,814		2,937
Investments	13		-		-
			11,537		13,024
CURRENT ASSETS					
Inventories	14	26,715		23,983	
Debtors	15	22,545		25,178	
Cash at bank and in hand		29		2,816	
		49,289		51,977	
CREDITORS					
Amounts falling due within one year	16	38,363		44,916	
NET CURRENT ASSETS			10,926		7,061
TOTAL ASSETS LESS CURRENT LIABILITIES			22,463		20,085
CREDITORS					
Amounts falling due after more than one year	17		-		(267)
PROVISIONS FOR LIABILITIES	21		(396)		-
PENSION ASSET/(LIABILITY)	24		405		(1,687)
NET ASSETS			22,472		18,131
CAPITAL AND RESERVES					
Called up share capital	22		39,530		39,530
Retained earnings	23		(17,058)		(21,399)
SHAREHOLDERS' FUNDS			22,472		18,131

The financial statements were approved by the Board of Directors and authorised for issue on 20/07/22 and were signed on its behalf by:

J D Shaw

J D Shaw - Director

Company Statement of Financial Position
31 December 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
FIXED ASSETS					
Intangible assets	11		-		-
Property, plant and equipment	12		-		-
Investments	13		<u>39,400</u>		<u>39,400</u>
			39,400		39,400
CURRENT ASSETS					
Debtors	15	42		42	
CREDITORS					
Amounts falling due within one year	16	<u>6,065</u>		<u>6,065</u>	
NET CURRENT LIABILITIES			<u>(6,023)</u>		<u>(6,023)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>33,377</u>		<u>33,377</u>
CAPITAL AND RESERVES					
Called up share capital	22		39,530		39,530
Retained earnings			<u>(6,153)</u>		<u>(6,153)</u>
SHAREHOLDERS' FUNDS			<u>33,377</u>		<u>33,377</u>
Company's profit and total comprehensive income for the financial year			-		-

The financial statements were approved by the Board of Directors and authorised for issue on 20/07/22 and were signed on its behalf by:

j shaw

.....
Director

j shaw

Globe Union (UK) Limited

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	39,530	(21,031)	18,499
Profit for the year	-	-	-
Actuarial loss on pension	-	(541)	(541)
Income tax on pension	-	103	103
Share Options	-	70	70
	<u>39,530</u>	<u>(21,399)</u>	<u>18,131</u>
Balance at 31 December 2020			
Profit for the year	-	2,981	2,981
Total comprehensive income	-	2,981	2,981
Actuarial gain on pension	-	1,638	1,638
Income tax on pension	-	(311)	(311)
Share Options	-	33	33
	<u>39,530</u>	<u>(17,058)</u>	<u>22,472</u>
Balance at 31 December 2021			

The notes form part of these financial statements

Globe Union (UK) Limited

Company Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	39,530	(6,153)	33,377
Total comprehensive income for the year	-	-	-
Balance at 31 December 2020	39,530	(6,153)	33,377
Total comprehensive income for the year	-	-	-
Balance at 31 December 2021	39,530	(6,153)	33,377

The notes form part of these financial statements

Globe Union (UK) Limited

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2021

		2021	2020
	Notes to Consolidated Cash Flows	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	1	(1,101)	7,503
Interest paid		(516)	(377)
Tax paid		<u>(1,115)</u>	<u>82</u>
Net cash from operating activities		<u>(2,732)</u>	<u>7,208</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(252)	(62)
Purchase of tangible fixed assets		(644)	(1,295)
Sale of tangible fixed assets		<u>-</u>	<u>(1)</u>
Net cash from investing activities		<u>(896)</u>	<u>(1,358)</u>
Cash flows from financing activities			
New loans in year		-	4,000
Loan repayments in year		<u>(5,067)</u>	<u>(467)</u>
Net cash from financing activities		<u>(5,067)</u>	<u>3,533</u>
		<u> </u>	<u> </u>
(Decrease)/increase in cash and cash equivalents		(8,695)	9,383
Cash and cash equivalents at beginning of year	2	2,816	(6,567)
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year	2	<u>(5,879)</u>	<u>2,816</u>

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2021

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2021 £'000	2020 £'000
Profit for the financial year	2,981	-
Depreciation charges	2,383	2,282
Loss on disposal of fixed assets	-	136
Defined benefit pension scheme non-cash	(454)	(397)
Share options	34	70
Finance costs	515	377
Taxation	<u>1,240</u>	<u>364</u>
	6,699	2,832
Increase in inventories	(2,732)	(4,636)
Decrease/(increase) in trade and other debtors	2,499	(5,022)
(Decrease)/increase in trade and other creditors	<u>(7,567)</u>	<u>14,329</u>
Cash generated from operations	<u>(1,101)</u>	<u>7,503</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2021

	31.12.21 £'000	1.1.21 £'000
Cash and cash equivalents	29	2,816
Bank overdrafts	<u>(5,908)</u>	<u>-</u>
	<u>(5,879)</u>	<u>2,816</u>

Year ended 31 December 2020

	31.12.20 £'000	1.1.20 £'000
Cash and cash equivalents	2,816	1,667
Bank overdrafts	<u>-</u>	<u>(8,234)</u>
	<u>2,816</u>	<u>(6,567)</u>

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2021

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.21 £'000	Cash flow £'000	At 31.12.21 £'000
Net cash			
Cash at bank and in hand	2,816	(2,787)	29
Invoice discounting	<u>-</u>	<u>(5,908)</u>	<u>(5,908)</u>
	<u>2,816</u>	<u>(8,695)</u>	<u>(5,879)</u>
Debt			
Debts falling due within 1 year	(5,067)	4,800	(267)
Debts falling due after 1 year	<u>(267)</u>	<u>267</u>	<u>-</u>
	<u>(5,334)</u>	<u>5,067</u>	<u>(267)</u>
Total	<u>(2,518)</u>	<u>(3,628)</u>	<u>(6,146)</u>

1. STATUTORY 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 PJH House, Lomax Way, Bolton, BL5 1FQ.

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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 'Related Party Disclosures' - Compensation for key management personnel.

Going concern

The Directors have considered detailed projections to 31st July 2023, together with a longer term assessment, to stress test the financial resilience of the Group. The projections anticipate the Group continues to grow in line with the growth experienced in the current year. The cash flow projections demonstrate that there are more than adequate facilities available, these include the modelling of scenarios, for reduced growth. 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.

2. ACCOUNTING POLICIES - continued

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 2021.

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.

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.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2007, is being amortised evenly over its estimated useful life of 20 years.

2. ACCOUNTING POLICIES - continued

Intangible assets

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% - 50% per annum straight line

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.

2. **ACCOUNTING POLICIES - continued**

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.

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.

2. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. The government grant income received during the previous year related to the government's Coronavirus Job Retention Scheme, there have been no government grants in the current year. The grant specifies performance conditions and is recognised in income when the performance conditions are met, which is the month in which the employees are paid. A grant received before the recognition criteria are satisfied is recognised as a liability.

Inventories

Inventories 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 inventories are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of inventory 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.

Share based payments

The expense in relation to options over the Parent company's shares granted to directors of the Company is recognised by the Company as equity-settled and shown as a capital contribution within reserves.

2. 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 and other creditors

Trade 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.

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.

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

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 transaction.

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.

Hire purchase and leasing commitments

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.

2. ACCOUNTING POLICIES - continued

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 Company. 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. All contributions have been settled within the year and there are no amounts payable at the year end.

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
- The 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.

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.

3. 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 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.

Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Assuming gradual settlement of pension plan liabilities over time, the Group has a right to a refund of any pension surplus, and as such recognises the pension surplus in full in the statement of financial position.

Further details are given in note on retirement benefits.

Inventory provision

Inventories 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 £68k (2020: £84k) are included within inventory. 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.

4. REVENUE

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

5. OTHER OPERATING INCOME

Other operating income for 2021 comprises surplus receipts in relation to the closure of a foreign subsidiary. Other operating income for 2020 comprises government grant income received during the year relating to the government's Coronavirus Job Retention Scheme

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

6. EMPLOYEES AND DIRECTORS

	2021	2020
	£'000	£'000
Wages and salaries	17,795	14,009
Social security costs	1,666	1,307
Other pension costs	<u>695</u>	<u>659</u>
	<u>20,156</u>	<u>15,975</u>

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

	2021	2020
Sales and distribution staff	440	344
Administration staff	<u>166</u>	<u>172</u>
	<u>606</u>	<u>516</u>

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 (2020: 2) Directors who have received share options in the ultimate parent undertaking. The share-based payment charge is not material to the financial statements.

In respect of Directors, who are considered to be key management, of the Group:

	2021	2020
	£'000	£'000
Aggregate emoluments in respect of qualifying services	689	564
Group pension contributions to money purchase schemes	<u>48</u>	<u>47</u>
	<u>737</u>	<u>611</u>

Highest Paid Director

	2021	2020
	£'000	£,000
Aggregate Emoluments in respect of qualifying services	382	315
Group pension contributions to money purchase schemes	<u>31</u>	<u>30</u>
	<u>413</u>	<u>345</u>

There are 2 Directors (2020: 2) in the Group to whom retirement benefits are accruing under defined contribution schemes during the year ended 31 December 2021.

Group pension contributions represent amounts paid to Directors' individual pension arrangements.

During the year no share options were exercised in the Ultimate Holding Company (2020: 3 Directors exercised options)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

7. OPERATING PROFIT

The operating profit is stated after charging:

	2021	2020
	£'000	£'000
Hire of plant and machinery	1,669	1,612
Other operating leases	2,264	1,852
Depreciation - owned assets	767	680
Goodwill amortisation	1,440	1,440
Computer software amortisation	176	162
Auditors' remuneration	<u>80</u>	<u>52</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Bank interest	<u>496</u>	<u>352</u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax	1,005	227
Deferred tax	<u>235</u>	<u>137</u>
Tax on profit	<u>1,240</u>	<u>364</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£'000	£'000
Profit before tax	<u>4,221</u>	<u>364</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	802	69
Effects of:		
Expenses not deductible for tax purposes	35	3
Depreciation in excess of capital allowances	29	32
Adjustments to tax charge in respect of previous periods	(26)	12
Goodwill not deductible for tax purposes	274	274
Deferred tax adjustment in respect of previous years	33	(3)
Effect of change in corporation tax rate	93	(23)
Total tax charge	<u>1,240</u>	<u>364</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

9. **TAXATION - continued**

Tax effects relating to effects of other comprehensive income

	Gross £'000	2021 Tax £'000	Net £'000
Actuarial gains/(losses) pension scheme	<u>1,638</u>	<u>(311)</u>	<u>1,327</u>
	Gross £'000	2020 Tax £'000	Net £'000
Actuarial gains/(losses) pension scheme	<u>(541)</u>	<u>103</u>	<u>(438)</u>

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantially enacted on 24 May 2021. Deferred tax has been calculated at 25% (2020: 19%) which was the tax rate substantially enacted at 31 December 2021.

10. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

11. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £'000	Computer software £'000	Totals £'000
COST			
At 1 January 2021	49,721	1,925	51,646
Additions	-	252	252
Disposals	-	(64)	(64)
At 31 December 2021	<u>49,721</u>	<u>2,113</u>	<u>51,834</u>
AMORTISATION			
At 1 January 2021	40,045	1,514	41,559
Amortisation for year	1,440	176	1,616
Eliminated on disposal	-	(64)	(64)
At 31 December 2021	<u>41,485</u>	<u>1,626</u>	<u>43,111</u>
NET BOOK VALUE			
At 31 December 2021	<u>8,236</u>	<u>487</u>	<u>8,723</u>
At 31 December 2020	<u>9,676</u>	<u>411</u>	<u>10,087</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

11. INTANGIBLE FIXED ASSETS - continued

Group

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

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. PROPERTY, PLANT AND EQUIPMENT

Group

	Land & buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Totals £'000
COST				
At 1 January 2021	1,615	3,750	647	6,012
Additions	<u>240</u>	<u>328</u>	<u>76</u>	<u>644</u>
At 31 December 2021	<u>1,855</u>	<u>4,078</u>	<u>723</u>	<u>6,656</u>
DEPRECIATION				
At 1 January 2021	685	1,790	600	3,075
Charge for year	<u>228</u>	<u>430</u>	<u>109</u>	<u>767</u>
At 31 December 2021	<u>913</u>	<u>2,220</u>	<u>709</u>	<u>3,842</u>
NET BOOK VALUE				
At 31 December 2021	<u>942</u>	<u>1,858</u>	<u>14</u>	<u>2,814</u>
At 31 December 2020	<u>930</u>	<u>1,960</u>	<u>47</u>	<u>2,937</u>

Included in cost of land and buildings is freehold land of £200,000 (2020 - £200,000) which is not depreciated. The remainder of land and buildings relates to short leasehold assets.

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

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

13. **FIXED ASSET INVESTMENTS**

Company	Shares in Group undertakings £'000
Cost	
At 1 January 2021 and 31 December 2021	<u>55,400</u>
Provisions for impairment	
At 1 January 2021 and 31 December 2021	<u>16,000</u>
Net book value	
At 31 December 2020	<u>39,400</u>
At 31 December 2021	<u>39,400</u>

Holdings of more than 20%

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

Company Subsidiary undertaking	Country of incorporation	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	Distribution
PJH House, Lomax Way, Bolton BL5 1FQ	
PJH Trustees Limited	Dormant
PJH House, Lomax Way, Bolton BL5 1FQ	
PJH (HK) Limited	Investment company
Units 1705-6, 17/F, Sunlight Tower, 248 Queens Road East, Wanchai, Hong Kong	
PJH Procurement Consultancy Shanghai Company Limited	Consultancy
Room A, 4th Floor, No 969 Wuding Road, Shanghai, PR China	
Appliance Megastore Limited	Dormant
20-22 Wenlock Road, London N1 7GU	

During the year PJH Procurement Consultancy Shanghai Company Limited was sold by its immediate parent PJH (HK) Limited to the ultimate parent company Globe Union Industrial Corp. The investment was held at a carrying value of nil and no gains or losses were made.

Following the year end PJH (HK) Ltd has been dissolved.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

14. INVENTORIES

	Group	
	2021	2020
	£'000	£'000
Goods for resale	<u>26,715</u>	<u>23,983</u>

Finished goods inventories include provisions of £68k (2020: £84k).

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	19,821	21,552	-	-
Amounts owed by group undertakings	-	-	42	42
Other debtors	887	1,814	-	-
Deferred tax asset	-	150	-	-
Prepayments and accrued income	<u>1,837</u>	<u>1,662</u>	<u>-</u>	<u>-</u>
	<u>22,545</u>	<u>25,178</u>	<u>42</u>	<u>42</u>

Deferred tax asset

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	(170)	-	-
Retirement benefit obligation	<u>-</u>	<u>320</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>

Trade debtors includes a gross balance of £19,368k (2020: £21,766k) subject to invoice financing arrangements and used as security for this arrangement.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 18)	6,175	5,067	-	-
Trade creditors	23,155	31,109	(1)	(1)
Amounts owed to group undertakings	16	21	6,066	6,066
Corporation tax	105	215	-	-
Social security and other taxes	4,822	5,248	-	-
Other creditors	2,331	1,754	-	-
Accrued expenses	<u>1,759</u>	<u>1,502</u>	<u>-</u>	<u>-</u>
	<u>38,363</u>	<u>44,916</u>	<u>6,065</u>	<u>6,065</u>

The invoice discounting creditor of £5,908k (2020: nil) is secured by the Group's debtor book.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2021	2020
	£'000	£'000
Bank loans (see note 18)	-	267

18. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2021	2020
	£'000	£'000
Amounts falling due within one year or on demand:		
Invoice finance	5,908	-
Bank loans	267	5,067
	<u>6,175</u>	<u>5,067</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	-	267

The bank loan is repayable in quarterly instalments of £267k and interest is charged at 1.5% over the base rate. Included in bank loans is nil (2020: £4m) relating to a CLBILs loan which was repaid during the year and incurred interest at 1.4% over base rate and was guaranteed by Globe Union Industrial Corp. the Group's parent company. The loan is secured by a fixed and floating charge over the Group's assets.

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Group	
	Non-cancellable operating leases	
	2021	2020
	£'000	£'000
Within one year	3,639	2,954
Between one and five years	7,196	5,313
In more than five years	1,483	-
	<u>12,318</u>	<u>8,267</u>

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. All motor vehicle leases had less than 5 years remaining at the balance sheet date.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

20. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2021	2020
	£'000	£'000
Invoice finance	5,908	-
Bank loans	<u>267</u>	<u>-</u>
	<u>6,175</u>	<u>-</u>

The invoice discounting creditor is secured by the Group's debtor book and the bank loan is secured by fixed and floating charges on the Group's assets

21. **PROVISIONS FOR LIABILITIES**

	Group	
	2021	2020
	£'000	£'000
Deferred tax		
Accelerated capital allowances	295	-
Retirement benefit obligation	<u>101</u>	<u>-</u>
	<u>396</u>	<u>-</u>

Group

	Deferred tax
	£'000
Asset at 1 January 2021	(150)
Charge to Income Statement during year	235
Included directly in equity	<u>311</u>
Liability at 31 December 2021	<u>396</u>

The deferred tax balance in relation to the prior year was an asset and has been included within debtors.

22. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£'000	£'000
39,529,845	Ordinary	1	<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.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

23. **RESERVES**

Group

	Retained earnings £'000
At 1 January 2021	(21,399)
Profit for the year	2,981
Actuarial gain on pension	1,638
Tax relating to other comprehensive income	(311)
Share options	33
At 31 December 2021	<u>(17,058)</u>

24. **EMPLOYEE BENEFIT OBLIGATIONS**

The Group operates a defined contribution scheme. Contributions in the current and prior year are £543k (2020: £466k).

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 2021. Allowing for the membership data of the latest actuarial valuation has resulted in an experience gain of nil 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.

A funding plan was agreed by the Trustee and the Group following the 31 December 2018 valuations, 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. 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

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2021 £'000	2020 £'000
Current service cost	152	143
Net interest from net defined benefit asset/liability	19	26
Past service cost	-	50
	171	219
Actual return on plan assets	<u>1,638</u>	<u>(541)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2021	2020
	£'000	£'000
Opening defined benefit obligation	29,797	26,222
Past service cost	-	50
Interest cost	383	516
Benefits paid	(749)	(826)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(223)	92
Actuarial (gains)/losses from changes in financial assumptions	(1,142)	3,743
Closing defined benefit obligation	<u>28,066</u>	<u>29,797</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2021	2020
	£'000	£'000
Opening fair value of scheme assets	28,110	24,679
Assets interest income	364	490
Assets current service cost	(152)	(143)
Contributions by employer	625	616
Benefits paid	(749)	(826)
Return on plan assets (excluding interest income)	<u>273</u>	<u>3,294</u>
Closing fair value of scheme assets	<u>28,471</u>	<u>28,110</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2021	2020
	£'000	£'000
Actuarial gains/(losses) from changes in demographic assumptions	223	(92)
Actuarial gains/(losses) from changes in financial assumptions	1,142	(3,743)
Return on plan assets (excluding interest income)	<u>273</u>	<u>3,294</u>
	<u>1,638</u>	<u>(541)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2021	2020
Corporate bonds	14%	15%
Liability driven investment	24%	23%
Absolute return bonds	30%	30%
Diversified growth bonds	32%	32%
	<u>100%</u>	<u>100%</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 2021.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2021	2020
Discount rate	1.80%	1.30%
Future pension increases	2.15%	1.95%
Inflation (CPI)	2.80%	2.45%

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 2020 were S2 PXA plus 1-year age rating YoB CMI_2019_1.25% and for 2019 were S2 PXA plus 1-year age rating YoB CMI_2018_1.25%

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

	2021 Years	2020 Years
Current pensioners		
- Males	20.6	20.7
- Females	22.6	22.7

The average future life expectancy for an employee retiring at 65 that is 45 on the reporting date is:

- Males	21.8	22.1
- Females	24.2	24.3

25. RELATED PARTY DISCLOSURES

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

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

26. 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 www.globeunion.com/investors/financial-information.

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

27. CONTINGENT LIABILITIES

At 31 December 2021 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, this is in respect of the deferred duty account.

Total letters of credit existed at 31 December 2021 £5.1m, these are in respect of stock purchases from overseas suppliers.