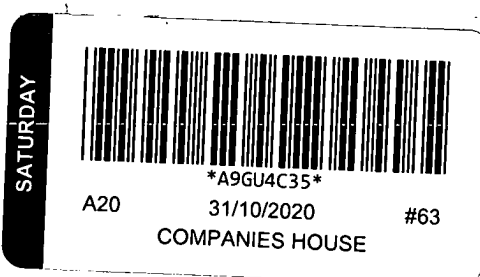


Company Registration No. 07650325

YESSS (B) Electrical Ltd

Annual Report and Financial Statements

For the year ended 30 April 2020



YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

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YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Officers and Professional Advisors

Directors

M Nolan
M Abbey

Company Secretary

Sisec Limited
21 Holborn Viaduct
London
EC1A 2DY

Registered Office

Unit B Foxbridge Way
Normanton Industrial Estate
Normanton
West Yorkshire
United Kingdom
WF6 1TN

Auditor

Deloitte LLP
Statutory Auditor
1 City Square
Leeds
United Kingdom
LS1 2AL

Bankers

HSBC Bank Plc
Corporate Banking Centre First Floor,
60 Queen Victoria Street,
London,
EC4N 4TR

NatWest Group Plc
Corporate Head Office,
36 St Andrew Square,
Edinburgh,
EH2 2YB

Legal Advisors

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

YESSS (B) Electrical Ltd

Annual report and financial statements

For the year ended 30 April 2020

Strategic Report

The directors present their Strategic Report for the year ended 30 April 2020.

Review of the business in the year

The principal activity of YESSS (B) Electrical Ltd (the Company), which trades as YESSS Electrical, is non-specialised wholesaling, serving both the trade and public, supplying both electrical and non-electrical products.

The mission statement for the Company is 'YESSS, our purpose is to create superior value for our customers by delivering world class Supplies, Service and Solutions'.

The Company, along with YESSS (A) Electrical Ltd, YESSS (IOM) Electrical Ltd, YESSS (Guernsey) Electrical Ltd and Metropolitan Distribution (Jersey) Ltd, 4 associated companies, operate from a 70,000 sq ft National Distribution Centre (NDC) in Normanton, West Yorkshire, and via a 100 strong national branch network. During the year, the Company purchased certain stock and assets on an arms length basis from MG Lites Energy Saving Solutions Ltd.

The results for the Company for the year show a 11.9% decrease (2019: 2.3% increase) in turnover from £83.6m in 2019 to £73.6m in 2020. Gross profit margin increased 0.1% (2019: 2.9% increase) from 29.0% to 29.1%. The operating loss for the year of £2.4m is greater than the £1.2m operating loss made in 2019. The net debt of the Company has decreased from £50.0m in 2019 to £46.1m in 2020 as a result of implementing IFRS 16 changes through the modified retrospective approach. The Directors consider the above metrics to be the key performance indicators of the business and whilst there has been adverse movement relative to the prior year as a result of increased competition and COVID-19, there is a strategic plan in place to increase turnover in the coming year.

Position of the company's business at the end of the year and future prospects

The Company's net liabilities as at 30 April 2020 are £22.1m (2019: £33.1m).

Trade debtors have decreased by £1.2m, from £10.8m last year to £9.6m at the year end. Debtor days were 46 days compared with 47 days in the previous year.

The value of stock decreased by £1.1m from £12.0m to £10.9m due to lower in-year purchases, with the number of stock turns decreased from 5.0 to 4.8.

The future outlook of the business faces challenges as a result of COVID-19 and the decrease in economic activity across the UK, however the Directors remain positive due to the Company's strong position in the marketplace, its wide customer base and the Company's strategic plan which will seek an increase in turnover and reduction in costs.

Section 172 (1) Statement

In accordance with the Companies Act 2007 ('The Act') the directors provide this statement describing how they have had regard to the matters set out in section 172 (1) of the Act, when performing their duty to promote the success of the company, under Section 172.

The Directors always aim to act in the best interests of the Company, and to be fair and balanced in its approach. The needs of different stakeholders are always considered as well as the consequences of any decision in the long-term and the importance of our internally published high standards of business conduct. More specific information is given in sub-paragraphs (a) to (f), which corresponds to the individual factors disclosed under Section 172 (1).

a) Long term decision making

Being part of a wider family owned group across Europe inherently focuses the Company's decisions on the long term. The Owners have delegated responsibilities to the Directors to ensure efficient continued operations, whilst maintaining oversight and how annual results fit together with the group as a whole.

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Strategic Report

Section 172 (1) Statement (continued)

b) Stakeholders: Employees

It is the opinion of both the Owners and Directors that abilities and commitment of the collective workforce is instrumental in ensuring the continued progress towards the Company's objectives. Positive employee engagement is a priority for the Directors and considerations are made on a recurrent basis to promote this.

c) Stakeholders: Customers, Suppliers, Others

The Directors are acutely aware that the future success of the Company relies heavily on an effective partnership with both customers and suppliers. This idea is reinforced across the business at all levels to ensure a unified message is delivered. Regular engagement across a broad range of external parties is encouraged.

d) Stakeholders: Community & Environment

Through its branch network, the Company is part of and invested in various communities across the country. The directors encourage engagement within these groups at a local level through opportunities such as fundraising and sponsorship. As a retailer of electrical goods, the management team is aware of the relevant legislation required to dispose of waste in a responsible manner and ensures the standards are upheld throughout the business.

e) Reputation for high standards of business conduct

It is critical as a business in a competitive environment to ensure we maintain a high-class reputation through our supplier and customer network. The Directors regularly engage with key business partners and encourage strong third-party relationships across the business.

f) Acting fairly between members of the Company

Membership is limited to the Company's Group owners as part of a family business, who own all the single class of shares that have been distributed. Promoting a fair working environment is a priority for the owners to enable continued engagement across the Company.

Going Concern

In assessing the appropriateness of the application of the going concern basis, the Directors have considered the financial position of the Company. At 30 April 2020, having made a loss for the year, the Company had net current assets of £6.4m (2019: £6.0m restated) and total net liabilities of £22.1m (2019: £33.1m) including parent company loans of £33.1m, which are not due for repayment until 31 March 2037.

Further, the directors have considered their cash flow and working capital forecasts, which cover the next twelve months from the date of signing the financial statements, the uncertainties around the general economic environment, the current and future trading performance of the Company and its available financial resources including the letter of support received from the parent company, which details the continuing commitment of the ultimate shareholders to ensure liquidity in the Company and also the group as a whole, as well as support in the form of the deferral of cash payments for royalties if required.

Regular contact between the Directors and the shareholders takes place to ensure a joint vision on the prospects of the company and how the assistance from the group supports this. Following this review, the Directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In making the going concern assessment, the Directors have considered the history of operations, the more recent experience of operating and financial performance since the outbreak of the COVID-19 pandemic, likely future cash flows under a number of market based scenarios and contractual payments under the debt facilities and the related covenant requirements. The Directors are confident in the Company's ability to meet its commitments as they become due. Accordingly, the financial statements have been prepared on the going concern basis.

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Strategic Report

Principal risks and uncertainties

The impact on the Company's business of the 'Brexit deal' yet to be negotiated is uncertain. As a 'downstream supplier' to large infrastructure and construction projects, delays in investment resulting from uncertainty are likely to have an impact on the business. Despite the restrictions as a result of COVID-19, the Company's supply chains remain operational to a satisfactory level. The Company will look to mitigate the impact of Brexit, COVID-19 and the wider economic downturn on the performance of the business through continuing to develop its strategy of developing a wide branch network serving a wide customer base and increasing the number of live trading accounts (LTAs), thus reducing reliance on any specific customer or geographical area across the UK.

Funding the growth of the business, until the business becomes profitable is a key risk, however, funding lines are secure as the company is financed with long term debt from the parent company and continued funding through this channel during the year shows clear support and intent. The Company is exposed to a competitive market. The Company ensures it competes effectively by focusing on delivering the right offer for customers via a mix of and price, stock, service and solutions, this strategy is working, as demonstrated by the growth in sales in the year.

As a result of the 2020 COVID-19 pandemic, general expectations of economic activity for the Company and across the UK have changed. The impact on the Company's normal activities is still ongoing and as such, yet to be fully assessed. The Directors consult regularly with various departments across the business regarding legal changes and consumer habits within the sector and have plans in place to mitigate the market downturn.

Credit risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event based on previous experience. The Company has no significant concentration of credit risk other than receivable balances with members of the Group. The exposure on other receivable balances is spread over a large number of counterparties and customers.

Liquidity risk

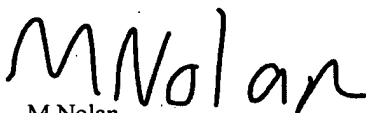
The Company used a mixture of long-term shareholder debt and bank debt in order to maintain liquidity to ensure that sufficient funds were available for ongoing operations and future development. Funding the growth of the business, until the business becomes profitable is a key risk, however, funding lines are secure as the Company is financed with long term debt from the parent company and continued funding during the year shows clear support from the Group to the Company.

Interest risk

As the Company utilises debt to ensure liquidity, a risk is present relating to changing interest rates. The Company regularly reviews the terms of such funding and the general market direction which determines certain interest rates to anticipate increased charges. With the conversion of shareholder funding into share capital, the Company has significantly reduced its exposure to interest risk relative to prior years.

The Company is exposed to a competitive market. The Company ensures it competes effectively by focusing on delivering the right offer for customers via a mix of and price, stock, service and solutions.

Approved and signed on behalf of the directors


M Nolan
Director

2020

8/10

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Directors' Report

The directors present their Annual Report and the audited financial statements for the year ended 30 April 2020.

Results

The results for the year are set out on page 11.

Dividends

No dividends (2019: £nil) were paid during the year. There are no dividends proposed.

Shares

During the year, 14,300,000 shares were issued at par value.

Future Developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Directors

The directors who served during the year and to the date of signing this report are as stated below:

M Nolan

M Abbey

G Lockwood (resigned 13 March 2020)

Going concern

Refer to the Strategic Report for consideration of going concern.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 101 paragraph 1.12. The Company's shareholders were notified about the intention to take advantage of the disclosure exemptions in the prior year financial statements and going forwards, and no objections were received. As such, the Company continues to adopt the disclosure exemptions where applicable.

Disabled employees

Applications for employment by disabled employees are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Incentive schemes are in place to encourage employee involvement in the positive performance of the Company.

Subsequent events

On 26 May 2020, the Company issued 28,095,202 ordinary shares of £1.00 each. These shares were attributed to the current owners and shareholders of the Company. The net effect of the share issue was the capitalisation of the euro-denominated shareholder loans, reducing long-term liabilities. See note 19.

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Directors' Report

Donations

Charitable donations during the year amounted to £1,987 (2019: £4,922).

Political donations

The company made no political donations in the year (2019: nil).

Energy and carbon reporting

In line with Energy and Carbon Reporting requirements, the Company discloses the following figures relating to purchase and use of electricity for building use and fuel for company vehicle use. Usage has been recorded from supplier invoices and conversions where necessary have been made using government provided conversion factors.

- Consumption of fuel for transport purposes: 1,115k kg CO2
- Purchase and use of electricity: 286k kg CO2
- Aggregate annual quantity of energy consumed: 5,278k kwh
- Through the purchase and use of energy, the Company is responsible for 19.03 kg CO2 per £1k of revenue

Principal risks and uncertainties

Consideration in respect to this has been made in the Strategic Report found on page 2.

Statement on Business Relations

Please refer to Section 172 statement in the strategic report

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of the directors which were made during the year and remain in force at the date of this report.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved and signed on behalf of the directors

M Nolan

M Nolan
Director

2020

8/10

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

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

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Independent auditor's report to the members of YESSS (B) Electrical Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of YESSS (B) Electrical Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Independent auditor's report to the members of YESSS (B) Electrical Ltd

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Independent auditor's report to the members of YESSS (B) Electrical Ltd

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

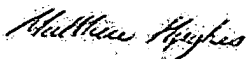
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Matthew Hughes BSc (Hons) ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom

8 October 2020

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Profit and Loss Account

	Notes	2020 £'000	2019 £'000
Revenue	3	73,594	83,551
Cost of sales		(52,191)	(59,351)
Gross profit		21,403	24,200
Administrative expenses		(23,834)	(25,368)
Operating loss		(2,431)	(1,168)
Finance costs	8	(1,857)	(1,069)
Other income	5	257	-
Loss before taxation		(4,031)	(2,237)
Tax	9	-	-
Loss for the financial year		(4,031)	(2,237)

There are no other items of income or expense other than the loss for the above financial year. Accordingly, a separate Statement of Comprehensive Income has not been prepared.

All the above results derive from continuing operations in a single class of business and geographic location.

The accompanying notes are an integral part of this profit and loss account.

YESSS (B) Electrical Ltd
Annual report and financial statements
As at 30 April 2020

Balance Sheet

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	10	3,859	4,739
Right of use assets	11	9,139	-
		<u>12,998</u>	<u>4,739</u>
Current assets			
Stocks	12	10,923	12,037
Debtors:	13		
- due within one year		14,151	12,183
- due after one year		122	122
Cash at bank and in hand		933	2,330
		<u>26,129</u>	<u>26,672</u>
Current creditors			
Trade creditors	14	(17,790)	(20,568)
Lease liabilities	16	(1,813)	-
		<u>(19,603)</u>	<u>(20,568)</u>
Total assets less current liabilities		<u>19,524</u>	<u>10,843</u>
Non-current creditors			
Trade creditors	15	(34,143)	(43,961)
Lease liabilities	16	(7,483)	-
		<u>(41,626)</u>	<u>(43,961)</u>
Net liabilities		<u>(22,102)</u>	<u>(33,118)</u>
Capital and reserves			
Called-up share capital	17	25,000	10,700
Share premium account		1,500	1,500
Profit and loss account		(48,602)	(45,318)
Shareholder's deficit		<u>(22,102)</u>	<u>(33,118)</u>

The financial statements of YESSS (B) Electrical Limited, (registered number 07650325) were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors

M Nolan

Mark Nolan
Director

8/10/2020

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Statement of Changes in Equity

	Called up share capital	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000	£'000
Changes in equity for the year ended 30 April 2019				
Balance at 1 May 2018	10,000	1,500	(42,894)	(31,394)
Total comprehensive expense	-	-	(2,237)	(2,237)
Issue of shares in year	700	-	-	700
IFRS 9 adjustment	-	-	(187)	(187)
Balance at 30 April 2019	<u>10,700</u>	<u>1,500</u>	<u>(45,318)</u>	<u>(33,118)</u>
Changes in equity for the year ended 30 April 2020				
Balance at 1 May 2019	10,700	1,500	(45,318)	(33,118)
Total comprehensive expense	-	-	(4,031)	(4,031)
Issue of shares in year	14,300	-	-	14,300
IFRS 16 adjustment	-	-	747	747
Balance at 30 April 2020	<u>25,000</u>	<u>1,500</u>	<u>(48,602)</u>	<u>(22,102)</u>

YESSS (B) Electrical Ltd

Annual report and financial statements

For the year ended 30 April 2020

Notes to the Financial Statements

1. Accounting policies

The principal accounting policies are summarised below.

a. Going concern

In assessing the appropriateness of the application of the going concern basis, the Directors have considered that at 30 April 2020, the company had net liabilities totalling £22.1m (2019: £33.1m) including parent company loans of £33.1m which are not due for repayment until 31 March 2037.

Further, the directors have considered their cash flow and working capital forecasts, which cover the next twelve months from the date of signing the financial statements, the uncertainties around the general economic environment, the current and future trading performance of the Company and its available financial resources including the letter of support received from the parent company, which details the continuing commitment of the ultimate shareholders to ensure liquidity in the Company and also the group as a whole, as well as support in the form of the deferral of cash payments for royalties if required.

Regular contact between the Directors and the shareholders takes place to ensure a joint vision on the prospects of the company and how the assistance from the group supports this. Following this review, the Directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In making the going concern assessment, the Directors have considered the history of operations, the more recent experience of operating and financial performance since the outbreak of the COVID-19 pandemic, likely future cash flows under a number of market based scenarios and contractual payments under the debt facilities and the related covenant requirements. The Directors are confident in the Company's ability to meet its commitments as they become due. Accordingly, the financial statements have been prepared on the going concern basis.

b. Basis of accounting

YESSS (B) Electrical Ltd is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England and Wales with the address of the registered office given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

The company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for the goods and services.

Exemptions for qualifying entities under FRS 101

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of certain assets, impairment of assets, presentation of a cash-flow statement, financial instruments and remuneration for key management personnel. Where required, equivalent disclosures are given in the group financial statements of Inter Holdings II SARL, a company incorporated in Luxembourg.

The Group financial statements of Inter Holdings II SARL are available to the public and can be obtained as set out in note 18.

Impact of accounting standards and interpretations

In the year, IFRS 16 Leases has been applied and had a material impact on the reported assets and liabilities for the company. IFRS 16 requires operating leases to be capitalised on the Balance Sheet.

YESSS (B) Electrical Ltd
Annual report and financial statements
For the year ended 30 April 2020

Notes to the Financial Statements

1. Accounting policies (continued)

New and revised standards

At the date of authorisation of these financial statements, the following new or amended IFRS accounting standards and interpretations, which have not yet been adopted by the Company, were in issue but not yet effective:

- IAS 19 – Employee Benefits
- 2015 – 2017 Annual Improvements Cycle
- IFRS 3 – Business Combinations

c. Tangible fixed assets and depreciation

Tangible assets are measured at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

- Computer equipment - straight-line over 2-4 years
- Leasehold improvement - straight-line over 10 years
- Motor vehicles - straight-line over 4 years
- Plant and office equipment - straight-line over 5-10 years

d. Leases and right of use assets

IFRS 16 Leases substantially changed the financial statements, as the majority of leases for which the Company is the lessee became on-balance sheet liabilities with corresponding right-of-use assets also recognized on the balance sheet. By value, the majority of the Company's lease arrangements relate to store buildings, with the remainder relating to vehicles. The lease liability reflects the net present value of the remaining lease payments, and the right-of-use asset corresponds to the lease liability, adjusted for payments made before the start date, lease incentives and other items related to the lease agreement. The standard replaces IAS 17 Leases.

The Company implemented the new standard on 1 May 2019, and applied the modified retrospective method, with right-of-use assets measured at an amount equal to the lease liability, adjusted by the amount of the prepaid or accrued lease payments relating to those leases recognized in the balance sheet immediately before the date of initial application and did not restate prior years.

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Notes to the Financial Statements

1. Accounting policies (continued)

e. Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

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

f. Taxation

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

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

YESSS (B) Electrical Ltd
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Notes to the Financial Statements

1. Accounting policies (continued)

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

g. Turnover

Turnover is stated net of VAT and trade discounts.

Sale of goods

Turnover from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover is reduced for estimated customer returns, rebates and other similar allowances.

h. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

i. Rebates

Supplier rebate income is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). Rebate arrangements, purchases and other measures are recognised by reference to the underlying arrangement. Supplier rebate income is recognised as a deduction against cost of goods sold. The supplier rebate income receivable at year end is recognised as a reduction to trade creditors as they will be net settled.

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Notes to the Financial Statements

1. Accounting policies (continued)

j. Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

k. Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

l. Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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Notes to the Financial Statements

1. Accounting policies (continued)

m. Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

i. Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

ii. Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

iii. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The Company maintains policies for managing credit risk such as credit approval limits and set standards for risk measurement. The risk of default is monitored on an ongoing basis. In order to manage the level of risk, the Company assesses the financial strength of other parties and sets appropriate credit limits to mitigate a significant loss in relation to one party, industry or geographic location.

iv. Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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Notes to the Financial Statements

1. Accounting policies (continued)

m. Financial instruments (continued)

v. *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

vi. *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

vii. *Derecognition of financial assets*

The Company derecognises financial assets when: all cash flows have expired; risks and rewards of the asset have been transferred; or the Company no longer retains control of the asset.

viii. *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

n. Government grants

Government grants are only recognised when there is reasonable assurance that the Company will comply with any attached conditions and that they will be received. The grants are recognised as 'other income' over the same period as the related costs. Any unfilled conditions will be stated within the accounts where the grants have been recognised.

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Notes to the Financial Statements

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

Current assets

In the course of normal trading activities, judgement is used to establish the net realisable value of inventory and trade receivables. Provisions are made against bad or doubtful debts and obsolete inventory in line with the Company's accounting policies based on the aging profile of the receivables and inventory and then applying management judgement. As at 30 April 2020, the bad and doubtful debt provision was £2.7m (2019: £3.2m). The Company has determined that there will be no material change within the next financial year.

Dilapidation provisions

Estimates are made for the potential costs incurred of returning leased properties to a condition similar to when the lease began using advice from surveyors and costs expensed in other experiences of exit costs. The Directors believe there will be minimal associated costs given the extent of the modifications and property conditions, and that the actual cost to be incurred is likely to be immaterial.

Critical judgements in applying the Company's accounting policies

The Directors do not consider there are any critical judgements in applying the Company's accounting policies.

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Notes to the Financial Statements

3 Turnover and revenue

An analysis of the Company's turnover and revenue as follows:

	2020	2019
	£'000	£'000
Sales of goods	73,594	83,551
Total revenue	<u>73,594</u>	<u>83,551</u>

4 Amounts charged to the profit and loss account

	2020	2019
	£'000	£'000
Depreciation and other amounts written off tangible-assets	1,124	1,047
Depreciation on right of use assets	2,030	-
Foreign exchange loss/(gain)	519	(701)
Cost of stock recognised as an expense	50,994	56,000
Loss on disposal of tangible assets	37	6
Bad debt charge	(364)	(556)

5 Other income

	2020	2019
	£'000	£'000
Government salary grants	257	-
	<u>257</u>	<u>-</u>

The salary grants relate to the government Coronavirus Job Retention Scheme to cover a portion of employee costs for furloughed workers.

6 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's financial statements were £51,100 (2019: £36,050).

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed as the consolidated financial statements of the parent company disclose such fees on a consolidated basis.

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Notes to the Financial Statements

7 Information regarding directors and employees

One of the two Company directors received remuneration and benefits from YESSS (B) Electrical. The other director is employed by YESSS (A) Electrical Limited, to which they devote the substantial part of their time and accordingly receive no remuneration, fees or benefits from the Company.

	2020	2019
	£'000	£'000
Directors' remuneration		
Remuneration and other emoluments	567	619
Defined contribution pension schemes	9	11

Highest paid director amounts included above:

Emoluments and other benefits	321	425
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	2020	2019
	No.	No.
Monthly average number of persons employed		
Selling and operations	306	313
Management and administration	85	87
	<u>391</u>	<u>400</u>

	2020	2019
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	12,158	13,641
Social security costs	1,533	1,723
Pensions costs	186	133
Government salary grants	(257)	-
	<u>13,620</u>	<u>15,497</u>

8 Interest payable and similar charges

	2020	2019
	£'000	£'000
Bank loan facilities interest payable	166	181
Other interest and finance charges	61	77
Interest payable on parent company loans	807	1,512
Interest payable on unwinding of lease liabilities	311	-
Net exchange (gain)/loss on foreign currency loans	512	(701)
	<u>1,857</u>	<u>1,069</u>

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9 Tax on loss

	2020	2019
	£'000	£'000
Loss before taxation	(4,031)	(2,237)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(766)	(425)
Effects of:		
Tax adjusted profit (offset by prior year losses)	301	(89)
Depreciation in excess of capital allowances	221	200
Timing differences	(59)	97
Permanent disallowables	57	66
Group interest adjustments	246	151
Tax result for year	-	-

A potential deferred tax asset of £7.4m (2019: £5.2m) relating to tax losses carried forward and fixed asset timing differences has not been recognised on the grounds that it is not deemed recoverable in accordance with the applicable accounting standards.

The 2015 and 2016 Budgets announced a number of changes to the corporation tax rate. These included a reduction in the UK corporation tax rate from 20% to 19% effective from 1 April 2017.

The Finance Act 2015 included provisions to reduce the rate of UK corporation tax to 19% with effect from 1 April 2019. Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

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Notes to the Financial Statements

10 Tangible fixed assets

	Leasehold improvements	Plant & office equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 May 2019	7,776	802	1,313	7	9,898
Additions	99	96	87	8	290
Disposals	(96)	(11)	(31)	-	(138)
As at 30 April 2020	<u>7,779</u>	<u>887</u>	<u>1,369</u>	<u>15</u>	<u>10,050</u>
Accumulated depreciation					
As at 1 May 2019	3,851	512	789	7	5,159
Additions	826	66	231	1	1,124
Disposals	(57)	(8)	(27)	-	(92)
As at 30 April 2020	<u>4,620</u>	<u>570</u>	<u>993</u>	<u>8</u>	<u>6,191</u>
Net book value					
As at 30 April 2020	<u>3,159</u>	<u>317</u>	<u>376</u>	<u>7</u>	<u>3,859</u>
As at 30 April 2019	<u>3,925</u>	<u>290</u>	<u>524</u>	<u>-</u>	<u>4,739</u>

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Notes to the Financial Statements

11 Right of Use Assets

	Land and Buildings	Motor vehicles	Total
	£'000	£'000	£'000
Cost			
As at 1 May 2019	9,186	588	9,774
Additions	744	651	1,395
As at 30 April 2020	9,930	1,239	11,169
Accumulated depreciation			
As at 1 May 2019	-	-	-
Additions	1,629	401	2,030
As at 30 April 2020	1,629	401	2,030
Net book value			
As at 30 April 2020	8,301	838	9,139
As at 30 April 2019	-	-	-

12 Stocks

	2020	2019
	£'000	£'000
Goods for resale	10,923	12,037

There are no material differences between the carrying value of the stocks and their replacement cost (2019: £nil).

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Notes to the Financial Statements

13 Debtors

	2020	2019
	£'000	£'000
Trade debtors receivable in less than one year	9,586	10,634
Debtors receivable in more than one year	122	122
Amounts owed by related undertakings (note 20)	3,548	14
Loans due from related parties (note 20)	317	-
Other debtors	144	409
Prepayments and accrued income	556	1,126
	<u>14,273</u>	<u>12,305</u>

The amounts due to related undertakings are trading balances repayable on demand. No interest is charged on these balances and they are not secured against the assets of the related undertakings. The long-term debtors balance relates to building lease deposits.

14 Current creditors

	2020	2019
	£'000	£'000
Invoice finance facility and overdrafts	4,748	5,742
Trade creditors	4,699	4,661
Amounts owed to the parent company (note 20)	853	674
Amounts owed to related undertakings (note 20)	1,542	3,340
Other taxes and payroll costs	4,895	4,431
Accruals and deferred income	1,053	1,720
	<u>17,790</u>	<u>20,568</u>

The invoice finance facility is secured against the trade debtors of the Company. Funds are drawn as and when required and is subject to variable interest of 1.8% above LIBOR.

Trade creditors are presented net of supplier rebate income of £607k (2019: £1,067k) as it is expected that there will be net settlement.

The amounts owed to related undertakings are trading balances repayable on demand. No interest is charged on these balances and they are not secured against the assets of the Company.

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Notes to the Financial Statements

15 Non-current creditors

	2020	2019
	£'000	£'000
Accrued interest on parent company loans (note 20)	50	106
Parent company loans (note 20)	33,135	43,855
Deferred consideration	958	-
	<u>34,143</u>	<u>43,961</u>
Repayable in two to five years	816	106
Repayable in greater than five years	33,327	43,855
	<u>34,143</u>	<u>43,961</u>

The parent company loans comprise of euro denominated loan funding provided by the parent company Inter Holdings II SARL. The loans are repayable on 31 March 2037 with various interest rates between 1.5% and 2.65%.

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Notes to the Financial Statements

16 Lease Liabilities

	2020	2019
	£'000	£'000
Land and buildings	8,460	-
Motor Vehicles	836	-
	<u>9,296</u>	<u>-</u>
Less than one year	1,813	-
Current liability	1,813	-
One to five years	4,843	-
Greater than five years	2,640	-
Non-current liability	<u>7,483</u>	<u>-</u>
	<u>9,296</u>	<u>-</u>
Amounts recognised in profit or loss		
Interest on lease liabilities	311	-
Expenses relating to short term lease	69	-
	<u>380</u>	<u>-</u>
Lease related cash flows		
Operating cash flows	(69)	-
Interest paid	(276)	-
Financing cash flows	<u>(1,710)</u>	<u>-</u>
	<u>(2,055)</u>	<u>-</u>
	Minimum	Present
	Lease	Value
	Payments	
	£'000	£'000
Lease liability		
Less than one year	2,050	1,813
One to five years	5,655	4,843
Greater than five years	<u>2,993</u>	<u>2,640</u>
	<u>10,698</u>	<u>9,296</u>
Future finance charges	<u>(1,402)</u>	
	<u>9,296</u>	

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Notes to the Financial Statements

16 Lease liabilities (continued)

By value, the majority of the leases the Company is a party to relates to building leases for the stores. No single lease represents a disproportionate or material share of the total amount. The weighted average borrowing rate is 3.3%. The average length of the building lease agreements is ten years, however depending on the specific requirements for a location and the interests of both parties, this can vary, along with other terms of the lease. Certain leases are subject to a deposit held by the lessor, the total value of which can be found in Note 13. Relevant accounting policies can be found in Note 1.

17 Share capital

	2020	2019
	£'000	£'000
Issued and fully paid:		
25,000,001 ordinary shares of £1 each (2019: 10,700,001)	25,000	10,700

The Company has one class of ordinary shares which carry no right to fixed income.

18 Controlling party

The Company's ultimate parent undertaking and ultimate controlling party is Inter Holdings II SARL, a company incorporated in Luxembourg. The shareholders in Inter Holdings II SARL are Adam Mackie and Ashley Mackie owning equal stakes in the business and are the controlling parties.

Inter Holdings II SARL is the smallest and largest group for which financial statements are prepared and which includes YESSS (B) Electrical Limited. These consolidated financial statements are publicly available by request from the registered office of Inter Holding II SARL at 5, rue Xavier Brasseur, L-4040 Esch-sur-Alzette.

19 Events after the balance sheet date

On 26 May 2020, the Company issued 28,095,202 ordinary shares of £1.00 each as fully paid to the parent company, Inter Holdings II SARL. As a result, the parent company euro denominated loans as detailed in Note 15 are considered as satisfied.

As a result of the 2020 COVID-19 pandemic, general expectations of economic activity for the Company and across the UK have changed. The impact on the Company's normal activities is still ongoing and as such, yet to be fully assessed. The Directors consult regularly with various departments across the business regarding legal changes and consumer habits within the sector and have plans in place to mitigate the market downturn.

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Notes to the Financial Statements

20 Related party transactions

Related party	Relationship	Nature of transaction	2020	2020	2019	2019
			£'000	£'000	£'000	£'000
			Transactions in year	Year end (creditor) / debtor	Transactions in year	Year end (creditor) / debtor
Adam Mackie	Ultimate Shareholder	Sales	-	-	-	-
AER	Related undertaking	Sales	-	-	-	-
Amnack	Related undertaking	Purchases & recharges	(4,813)	(49)	(4,600)	(1,660)
Inter Holdings II	Parent Company	Interest & recharges	(1,025)	(903)	(1,854)	(780)
Inter Holdings II	Parent Company	Loans	(5,364)	(33,135)	(3,680)	(43,855)
LMH	Related undertaking	Royalties	(389)	-	(228)	-
MC AAA	Related undertaking	Recharges	-	-	-	-
Metropolitan Distribution (Jersey)	Related undertaking	Sales & recharges	265	(69)	425	(116)
MG Lites	Related undertaking	Sales & purchases	317	317	-	-
NETELEC	Related undertaking	Sales & purchases	1	-	-	-
Smart Digital Systems	Related undertaking	Sales & recharges	-	-	9	-
Soneparfi	Related undertaking	Loan	-	-	(15)	(942)
TDI	Related undertaking	Recharges	(416)	-	(266)	(31)
TOPL	Related undertaking	Recharges & Purchases	(8)	-	25,065	(163)
YESSS (A) Electrical	Related undertaking	Recharges	23,488	3,520	25,065	(163)
YESSS (C) Electrical	Related undertaking	Sales & recharges	-	-	(135)	(137)
YESSS (Guernsey) Electrical	Related undertaking	Sales & recharges	(40)	(28)	79	(70)

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20 Related party transactions (continued)

Related party	Relationship	Nature of transaction	2020	2020	2019	2019
			£'000	£'000	£'000	£'000
			Transactions in year	Year end (creditor) / debtor	Transactions in year	Year end (creditor) / debtor
YESSS (IOM) Electrical	Related undertaking	Purchases & recharges	212	(21)	360	(34)
YESSS (W)	Related undertaking	Recharges	794	17	736	12
YESSS France	Related undertaking	Recharges	(1,360)	(1,359)	(1,137)	-
YESSS Germany	Related undertaking	Recharges	10	-	45	1
YESSS Group (W)	Related undertaking	Recharges	(10)	(10)	(20)	(10)
YESSS Italy	Related undertaking	Purchases	3	-	(50)	(1)
YESSS Luxembourg	Related undertaking	Sales	1	-	38	1
YESSS Netherlands	Related undertaking	Sales	25	11	38	1
Directors	Directors	Interest on deferred bonuses	(6)	(6)	(176)	(176)

YESSS (A) Electrical Limited and the Company are both wholly owned subsidiaries of Inter Holdings II SARL. The related undertakings are entities which have the same ultimate shareholders as Inter Holdings II SARL being Adam Mackie and Ashley Mackie.

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Notes to the Financial Statements

21 Effects of IFRS 16

In the current period the Company has applied IFRS 16 Leases for the first time. The date of initial application was 1 May 2019. IFRS 16 replaces IAS 17 Leases and with the most significant impact for the Company being commitments previously defined as operating leases now being considered as balance sheet assets with linked liabilities. The Company has decided to apply IFRS 16 using the modified retrospective approach. Under the modified retrospective approach the Company has not restated comparative information but has recognised the effects through retained earnings. A summary of the effects of implementing the standard on the relevant opening balances on 1 May 2019 is shown below:

	30 April 2019 £'000	Effect of IFRS 16 £'000	1 May 2019 £'000
Right of use assets	-	9,774	9,774
Lease liabilities (current)	-	(2,030)	(2,030)
Lease liabilities (non-current)	-	(7,744)	(7,744)
Profit and loss account	(45,318)	747	(44,571)