

Company Registration No. SC121467 (Scotland)

**FRANKE UK HOLDING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# FRANKE UK HOLDING LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D Orwin J Fischer
<b>Secretary</b>	D Orwin
<b>Company number</b>	SC121467
<b>Registered office</b>	West Carron Works Stenhouse Road Carron Falkirk FK2 8DR
<b>Auditor</b>	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU

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# FRANKE UK HOLDING LIMITED

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# FRANKE UK HOLDING LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report for the year ended 31 December 2021.

#### Fair review of the business

The Group profit after taxation for the year was £665,000 (2019: £175,000). Group turnover was higher than previous year as a result of the recovery from the coronavirus (COVID-19) global pandemic. The directors have considered the financial position of the Group with regard to bank overdraft and group funding arrangements. They are satisfied that the Group is well placed to manage its financial position despite the current uncertain economic climate.

#### Principal risks and uncertainties

The principal risks and uncertainties facing the Company are as follows:

- The impact of increasing inflation on the economy and the availability of personal disposable income
- Consolidation of our customer base into fewer organisations with centralised buying power
- Recessionary tendency towards cheaper own brand products

#### Development and performance

Key areas of strategic development driving the performance of the Company include:

- Accelerated new product development in all product areas supported by targeted brand development
- A focussed approach to meaningful distribution channels in the marketplace

#### Key performance indicators

Key financial indicators include the monitoring of profitability, return on assets, cash-flow and management of net working capital.

#### Promoting the success of the company

In order to achieve sustainable, long-term success the business requires the support of a wide range of stakeholders. When making business decisions the Director's and management team consider how different stakeholders are impacted if both financial and non-financial ways.

#### Franke Group

As Franke UK is part of the larger Franke Kuchentechnik AG group, there is a responsibility to the parent, and ultimate controlling party. Although day to day management decisions are made at a local level, some strategic planning is coordinated with Head Office so that the whole group can benefit.

#### Employees

Happy and ambitious employees drive a successful business, so we take the thoughts and suggestions of our employees seriously. With staff spread out across the country, we have a monthly update call to ensure everyone knows how the business is performing as well as hosting team event days where all employees can meet up and network. During the COVID-19 pandemic we ensured that all staff had the help and support necessary to cope with the change in working practice.

#### Customers

We aim to put our customer's and consumers needs at the centre of our activities. Our sales team works very closely with customers listening to their views and needs to ensure that the most suitable products can be delivered to them. Working with customers allows us to understand the market conditions they are facing, enabling supply chain to plan and get suitable levels of stock in.

#### Suppliers

Although most of our suppliers of goods are inter-group, we do have a number of third-party providers who we work just as closely with, feeding back what we have learnt from our customers to them, to ensure the full supply chain is working as effectively as possible. We aim to pay any supplier invoice as soon as it is due, to help build sustainable relationships.

# **FRANKE UK HOLDING LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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### **Environment**

A sustainability committee is in place to discuss ways we can be more environmentally friendly at a local level. Globally, Franke has set the target to have net 0 emissions for Scope 1 and Scope 2 (our production) by 2030 and Scope 3 (supply chain) by 2040.

On behalf of the board

D Orwin  
**Director**

22 August 2022

# FRANKE UK HOLDING LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company continued to be that of a holding company providing finance and management services. The activities of the group are the distribution and sale of domestic kitchen sinks and accessories.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### Directors

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

D Orwin  
J Fischer

#### Auditor

Hart Shaw LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Energy and carbon report

During 2021, the Franke UK Holding group, consisting of Carron Phoenix Limited and Franke UK Limited, consumed 381,000 m3 of natural gas. Electricity usage totalled 1,248,000 kWh, with 23% of that from renewable sources, whilst total diesel was 24,000 litres. Total CO2 emissions were 939 tonnes, meaning 18.7 kg of CO2 was produced for each thousand pound of revenue generated. To calculate our CO2 figure we analysed invoices of usage throughout the year and looked at the fuel mix of our suppliers. Going forward, we will look to use energy suppliers who have a more renewable fuel mix and we are investigating the opportunity of putting solar panels onto the roof of our warehouse at Carron Phoenix.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

D Orwin  
Director

22 August 2022

# **FRANKE UK HOLDING LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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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). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

# FRANKE UK HOLDING LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FRANKE UK HOLDING LIMITED

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#### Opinion

We have audited the financial statements of Franke UK Holding Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### 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 our audit:

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

# FRANKE UK HOLDING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FRANKE UK HOLDING LIMITED

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

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

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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.

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

### Extent to which the audit was considered capable of detecting irregularities, including fraud and the audit response

At the planning stage we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, as required by auditing standards. The potential effect of any laws and regulation on the financial statements can vary considerably. There are laws and regulations that directly affect the financial statements (e.g. the Companies Act) as well as many other operational laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Owing to the size, nature and complexity of the organisation and the applicable laws and regulations to which it must adhere, the risk of material misstatement was deemed to be low, therefore the procedures performed by the audit team were limited to:

- Communicating identified laws and regulations at planning throughout the audit team to remain alert to any indications of non-compliance throughout the audit.
- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

# FRANKE UK HOLDING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FRANKE UK HOLDING LIMITED

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We have assessed the overall susceptibility of the financial statements to material misstatement due to fraud as low because the nature of the business does not particularly lend itself to fraud.

Management override is inherently high risk on any audit. Management override, which may cause there to be a material misstatement within the financial statements, may present itself in a number of ways, for example:

- Override of internal controls (e.g. segregation of duties)
- Entering into transactions outside the normal course of business, especially with related parties
- Fraudulent revenue recognition, including fictitious sales and sales being recorded in the wrong period
- Presenting bias in accounting judgements and estimates, particularly the ones disclosed in "*Critical accounting estimates and judgements*" section of the accounting policies; note 2 to the financial statements.

In order to reduce the risk of material misstatement to an acceptable level, numerous audit procedures were performed including:

- Enquiries of management as to whether they had any knowledge of any actual or suspected fraud
- Review of material journal entries made throughout the year as well as those made to prepare the financial statements
- Reviewing the underlying rationale behind transactions in order to assess whether they were outside the normal course of business
- Reviewing the minutes of meetings held by management.
- Increased substantive testing across all material income streams
- Assessing whether management's judgements and estimates indicated potential bias, particularly those disclosed in "*Critical accounting estimates and judgements*" section of the accounting policies; note 2 to the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected material misstatements in the financial statements, even though we have performed our audit in accordance with auditing standards. Furthermore, as with all audits, there is a higher risk of irregularities (especially those relating to fraud) being undetected, as these may involve the override of internal controls, collusion, intentional omissions and misrepresentations etc. We are not responsible for preventing non-compliance or fraud and therefore cannot be expected to detect all instances of such. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

**Adam Shield (Senior Statutory Auditor)**  
**For and on behalf of Hart Shaw LLP**

14 September 2022

**Chartered Accountants**  
**Statutory Auditor**

Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

# FRANKE UK HOLDING LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£000	as restated £000
<b>Turnover</b>	<b>3</b>	50,144	45,595
Cost of sales		(35,328)	(32,513)
<b>Gross profit</b>		14,816	13,082
Distribution costs		(1,927)	(1,732)
Administrative expenses		(11,548)	(11,279)
Other operating income		38	558
<b>Operating profit</b>	<b>4</b>	1,379	629
Interest receivable and similar income	<b>8</b>	176	177
Interest payable and similar expenses	<b>9</b>	(666)	(608)
<b>Profit before taxation</b>		889	198
Tax on profit	<b>10</b>	(224)	(23)
<b>Profit for the financial year</b>		665	175
<b>Other comprehensive income</b>			
Actuarial gain on defined benefit pension schemes		587	-
Tax relating to other comprehensive income		(112)	667
<b>Total comprehensive income for the year</b>		1,140	842

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# FRANKE UK HOLDING LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021	2020
	Notes	£000	as restated £000
<b>Fixed assets</b>			
Goodwill	11	850	970
Other intangible assets	11	57	72
Total intangible assets		907	1,042
Tangible assets	12	3,172	3,150
		4,079	4,192
<b>Current assets</b>			
Stocks	15	5,388	5,713
Debtors	16	8,514	12,091
Cash at bank and in hand		17,863	14,316
		31,765	32,120
<b>Creditors: amounts falling due within one year</b>	17	(15,019)	(11,712)
<b>Net current assets</b>		16,746	20,408
<b>Total assets less current liabilities</b>		20,825	24,600
<b>Creditors: amounts falling due after more than one year</b>	18	(6,529)	(11,194)
<b>Provisions for liabilities</b>			
Provisions	19	552	-
Deferred tax liability	20	90	-
		(642)	-
<b>Net assets excluding pension liability</b>		13,654	13,406
<b>Defined benefit pension liability</b>	22	(2,616)	(3,508)
<b>Net assets</b>		11,038	9,898
<b>Capital and reserves</b>			
Called up share capital	23	9,559	9,559
Profit and loss reserves		1,479	339
<b>Total equity</b>		11,038	9,898

## **FRANKE UK HOLDING LIMITED**

### **GROUP BALANCE SHEET (CONTINUED)**

***AS AT 31 DECEMBER 2021***

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The financial statements were approved by the board of directors and authorised for issue on 22 August 2022 and are signed on its behalf by:

D Orwin  
**Director**

# FRANKE UK HOLDING LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
<b>Fixed assets</b>			
Investments	13	12,348	12,620
<b>Current assets</b>			
Debtors	16	7,615	11,496
Cash at bank and in hand		4,652	1,916
		<u>12,267</u>	<u>13,412</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(4,812)</u>	<u>(13)</u>
<b>Net current assets</b>		<u>7,455</u>	<u>13,399</u>
<b>Total assets less current liabilities</b>		<u>19,803</u>	<u>26,019</u>
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(6,394)</u>	<u>(11,194)</u>
<b>Net assets excluding pension liability</b>		<u>13,409</u>	<u>14,825</u>
<b>Defined benefit pension liability</b>	22	<u>(2,616)</u>	<u>(3,508)</u>
<b>Net assets</b>		<u><u>10,793</u></u>	<u><u>11,317</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	9,559	9,559
Profit and loss reserves		<u>1,234</u>	<u>1,758</u>
<b>Total equity</b>		<u><u>10,793</u></u>	<u><u>11,317</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £999,000 (2020 - £718,000 loss). The total comprehensive loss for the year was £524,000 (2020 - £51,000 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 22 August 2022 and are signed on its behalf by:

D Orwin  
Director

Company Registration No. SC121467

# FRANKE UK HOLDING LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£000	£000	£000
<b>As restated for the period ended 31 December 2020:</b>			
<b>Balance at 1 January 2020</b>	9,559	(454)	9,105
Effect of prior period adjustment	-	(49)	(49)
	<u>9,559</u>	<u>(503)</u>	<u>9,056</u>
<b>As restated</b>	9,559	(503)	9,056
<b>Year ended 31 December 2020:</b>			
Profit for the year	-	175	175
Other comprehensive income:			
Tax relating to other comprehensive income	-	667	667
	<u>-</u>	<u>842</u>	<u>842</u>
Total comprehensive income for the year	-	842	842
	<u>9,559</u>	<u>339</u>	<u>9,898</u>
<b>Balance at 31 December 2020</b>	9,559	339	9,898
<b>Year ended 31 December 2021:</b>			
Profit for the year	-	665	665
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	587	587
Tax relating to other comprehensive income	-	(112)	(112)
	<u>-</u>	<u>475</u>	<u>475</u>
Total comprehensive income for the year	-	1,140	1,140
	<u>9,559</u>	<u>1,479</u>	<u>11,038</u>
<b>Balance at 31 December 2021</b>	9,559	1,479	11,038

# FRANKE UK HOLDING LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£000	£000	£000
<b>Balance at 1 January 2020</b>	9,559	1,809	11,368
<b>Year ended 31 December 2020:</b>			
Loss for the year	-	(718)	(718)
Other comprehensive income:			
Tax relating to other comprehensive income	-	667	667
Total comprehensive income for the year	-	(51)	(51)
<b>Balance at 31 December 2020</b>	9,559	1,758	11,317
<b>Year ended 31 December 2021:</b>			
Loss for the year	-	(999)	(999)
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	587	587
Tax relating to other comprehensive income	-	(112)	(112)
Total comprehensive income for the year	-	(524)	(524)
<b>Balance at 31 December 2021</b>	9,559	1,234	10,793

# FRANKE UK HOLDING LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£000	as restated £000
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	4,435	3,945
Interest paid		(619)	(634)
Income taxes (paid)/refunded		(156)	987
<b>Net cash inflow from operating activities</b>		3,660	4,298
<b>Investing activities</b>			
Purchase of business		-	(905)
Purchase of tangible fixed assets		(305)	(340)
Proceeds on disposal of tangible fixed assets		18	-
Interest received		174	156
<b>Net cash used in investing activities</b>		(113)	(1,089)
<b>Net increase in cash and cash equivalents</b>		3,547	3,209
Cash and cash equivalents at beginning of year		14,316	11,107
<b>Cash and cash equivalents at end of year</b>		17,863	14,316

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Franke UK Holding Limited ("the company") is a private limited company, domiciled and incorporated in Scotland. The registered office is West Carron Works, Stenhouse Road, Falkirk, FK2 8DR.

The group consists of Franke UK Holding Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The consolidated financial statements incorporate those of Franke UK Holding Limited and all of its subsidiaries (i.e. 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. 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.

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.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

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 dispatch of the goods), the amount of revenue 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.

#### 1.4 Intangible fixed assets - goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash generating units that are expected to benefit from the synergies of the business combination from which it arose. Goodwill is amortised over a period of ten years.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website	10 years
---------	----------

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	20 to 40 years
Motor vehicles	8 years
Plant and equipment	2 to 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

#### 1.10 Cash at bank and in hand

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

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified 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 after deducting all of its liabilities.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

### 1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

### 1.13 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.14 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **1.15 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 fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

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 an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

#### 1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 1.18 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Stock provision

The Directors make provisions for obsolescence, mark downs and shrinkage based on historical experiences and management estimates of future events. Actual outcomes could vary significantly from these estimates.

#### Sales rebates

Sales rebates are based on sales volumes, they are often growth related and can be product specific. Management often make judgements based on comparing sales data with customer contracts and use some historic experience to determine the levels of rebates to provide. Actual outcomes could vary significantly from these estimates.

Rebates provided for at the balance sheet date amounted to £1,659,000 (2020 - £1,221,000).

#### Warranty provision

The warranty provision is a provision for the future expected cost of making good any faulty goods sold under warranty. Warranties can range from 2 to 50 years, depending on the type of product; therefore, there is uncertainty about the amount and timing of future cash outflows and actual outcomes could vary significantly from these estimates.

#### Defined benefit pension scheme deficit

The defined benefit pension liability has multiple actuarial assumptions, such as life expectancy, future returns on assets and future inflation rates; therefore, there is uncertainty about the amount and timing of future cash outflows, and actual outcomes could vary significantly from these estimates.

### 3 Turnover and other revenue

	2021 £000	2020 £000
<b>Turnover analysed by class of business</b>		
Sale of goods	48,042	43,381
Rendering of services	2,102	2,214
	<u>50,144</u>	<u>45,595</u>
	<b>2021 £000</b>	<b>2020 £000</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	49,785	45,530
Overseas	359	65
	<u>50,144</u>	<u>45,595</u>

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

<b>3</b>	<b>Turnover and other revenue</b>	<b>(Continued)</b>	
		<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	<b>Other significant revenue</b>		
	Interest income	176	177
	Grants received	38	558
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Operating profit</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	Operating profit for the year is stated after charging/(crediting):		
	Exchange losses	147	260
	Government grants	(38)	(558)
	Depreciation of owned tangible fixed assets	256	247
	Amortisation of intangible assets	135	134
	Operating lease charges	480	364
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Auditor's remuneration</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the group and company	5	5
	Audit of the financial statements of the company's subsidiaries	22	27
		<u>          </u>	<u>          </u>
		27	32
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Employees</b>		
	No employees were employed by the company. The average monthly number of persons (including directors) employed by the group during the year was:		
		<b>Group</b>	<b>Group</b>
		<b>2021</b>	<b>2020</b>
		<b>Number</b>	<b>Number</b>
	Sales and administration	113	97
		<u>          </u>	<u>          </u>
		113	97
		<u>          </u>	<u>          </u>

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £000	Group 2020 £000
Wages and salaries	4,312	4,150
Social security costs	490	441
Pension costs	250	242
	<u>5,052</u>	<u>4,833</u>

### 7 Directors' remuneration

	2021 £000	2020 £000
Remuneration for qualifying services	258	192
Company pension contributions to defined contribution schemes	10	9
	<u>268</u>	<u>201</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £000	2020 £000
Remuneration for qualifying services	221	154
Company pension contributions to defined contribution schemes	10	9
	<u>231</u>	<u>163</u>

### 8 Interest receivable and similar income

	2021 £000	2020 £000
<b>Interest income</b>		
Interest receivable from group companies	176	177
	<u>176</u>	<u>177</u>

### 9 Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group undertakings	619	608
Net interest on the net defined benefit liability	47	-
	<u>666</u>	<u>608</u>
<b>Total finance costs</b>	<u>666</u>	<u>608</u>

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Taxation

	2021 £000	2020 £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	184	82
Adjustments in respect of prior periods	(108)	(59)
	<u>76</u>	<u>23</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	148	-
	<u>148</u>	<u>-</u>
Total tax charge	<u>224</u>	<u>23</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £000	2020 £000
Profit before taxation	<u>889</u>	<u>198</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	169	38
Tax effect of expenses that are not deductible in determining taxable profit	30	67
Permanent capital allowances in excess of depreciation	(15)	-
Depreciation on assets not qualifying for tax allowances	-	(5)
Under/(over) provided in prior years	(108)	(59)
Effect of difference between current and deferred tax rates	-	(18)
Deferred tax adjustment	148	-
	<u>224</u>	<u>23</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £000	2020 £000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	<u>112</u>	<u>(667)</u>

## FRANKE UK HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 11 Intangible fixed assets

Group	Goodwill £000	Website £000	Total £000
<b>Cost</b>			
At 1 January 2021 and 31 December 2021	1,194	150	1,344
<b>Amortisation and impairment</b>			
At 1 January 2021	224	78	302
Amortisation charged for the year	120	15	135
At 31 December 2021	344	93	437
<b>Carrying amount</b>			
At 31 December 2021	850	57	907
At 31 December 2020	970	72	1,042

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Tangible fixed assets

Group	Freehold land and buildings £000	Leasehold improvements £000	Assets under construction £000	Plant and equipment £000	Computer software £000	Motor vehicles £000	Total £000
<b>Cost</b>							
At 1 January 2021	2,594	915	9	1,722	2,008	44	7,292
Additions	-	12	13	280	-	-	305
Disposals	-	-	-	-	-	(37)	(37)
Transfers	-	-	(9)	9	-	-	-
At 31 December 2021	2,594	927	13	2,011	2,008	7	7,560
<b>Depreciation and impairment</b>							
At 1 January 2021	101	752	-	1,310	1,974	5	4,142
Depreciation charged in the year	52	36	-	147	16	5	256
Eliminated in respect of disposals	-	-	-	-	-	(10)	(10)
At 31 December 2021	153	788	-	1,457	1,990	-	4,388
<b>Carrying amount</b>							
At 31 December 2021	2,441	139	13	554	18	7	3,172
At 31 December 2020	2,493	163	9	412	34	39	3,150

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Fixed asset investments

		Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
	Notes				
Investments in subsidiaries	14	-	-	12,348	12,620

#### Movements in fixed asset investments Company

	Shares in subsidiaries £000
<b>Cost or valuation</b>	
At 1 January 2021	12,620
Impairment loss	(272)
At 31 December 2021	12,348
<b>Carrying amount</b>	
At 31 December 2021	12,348
At 31 December 2020	12,620

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Carron Phoenix Holding Limited	Scotland	Dormant	Ordinary	100.00	-
Carron Phoenix Limited	Scotland	Warehouse and storage facility	Ordinary	100.00	-
Central Services UK Limited	Scotland	Dormant	Ordinary	0	100.00
Forth and Clyde Distribution Limited	Scotland	Dormant	Ordinary	100.00	-
Franke UK Limited	Scotland	Distribution of equipment for the domestic kitchen market	Ordinary	100.00	-
Sinks and Things Limited	England	Dormant	Ordinary	0	100.00

### 15 Stocks

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Finished goods and goods for resale	5,388	5,713	-	-

The group had £642,000 (2020 - £503,000) of stock impairment provisions at the year end.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Debtors

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Taxation and social security	465	576	195	225
Amounts owed by group undertakings	6,965	10,487	6,904	10,604
Other debtors	19	-	19	-
Prepayments and other debtors	568	361	-	-
	<u>8,017</u>	<u>11,424</u>	<u>7,118</u>	<u>10,829</u>
<b>Amounts falling due after more than one year:</b>				
Deferred tax asset (note 20)	497	667	497	667
	<u>497</u>	<u>667</u>	<u>497</u>	<u>667</u>
<b>Total debtors</b>	<u>8,514</u>	<u>12,091</u>	<u>7,615</u>	<u>11,496</u>

Amounts owed by group undertakings are unsecured, an interest rate of 1.8% above the base rate applies and there are no fixed payment terms.

### 17 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Borrowings from group undertakings	4,800	-	4,800	-
Trade creditors	2,066	2,962	-	-
Amounts owed to group undertakings	2,873	2,858	-	-
Corporation tax payable	293	482	-	-
Taxation and social security	686	1,727	-	-
Accruals and deferred income	4,301	3,683	12	13
	<u>15,019</u>	<u>11,712</u>	<u>4,812</u>	<u>13</u>

Amounts owed to group undertakings are unsecured, interest free and repayable within standard trading terms.

The terms of borrowings from group undertakings are scheduled out in note 18.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Creditors: amounts falling due after more than one year

		<b>Group</b>		<b>Company</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowings from group undertakings		6,394	11,194	6,394	11,194
Government grants	21	135	-	-	-
		<u>6,529</u>	<u>11,194</u>	<u>6,394</u>	<u>11,194</u>

Terms and debt repayment schedule of borrowings from group undertakings.

<b>Group and Company</b>	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Year of maturity</b>	<b>Repayment 2021 schedule</b>	<b>£000 2020</b>	<b>£000</b>
Franke Holding AG	Sterling	5%	2022	In Full	4,300	4,300
Franke Holding AG	Sterling	5%	2022	In Full	500	500
Franke Holding AG	Sterling	5%	2024	In Full	1,894	1,894
Franke Holding AG	Sterling	5%	2024	In Full	3,000	3,000
Franke Holding AG	Sterling	5%	2024	In Full	1,500	1,500
					<u>11,194</u>	<u>11,194</u>

### 19 Provisions for liabilities

	<b>Group</b>	<b>2020</b>	<b>Company</b>	<b>2020</b>
	<b>2021</b>	<b>£000</b>	<b>2021</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Warranty provision	552	-	-	-
	<u>552</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movements on provisions:

<b>Group</b>	<b>Warranty provision £000</b>
Brought forward provision transferred from accruals	119
Additional provisions in the year	515
Utilisation of provision	(82)
At 31 December 2021	<u>552</u>

The warranty provision is a provision for the future expected cost of making good any faulty goods sold under warranty. Warranties can range from 2 to 50 years, depending on the type of product; therefore, there is uncertainty about the amount and timing of future cash outflows. The vast majority of the provided cash outflows are expected to occur over one year after the reporting date.

The provision has not been discounted because the effect of discounting is not material.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £000	Liabilities 2020 £000	Assets 2021 £000	Assets 2020 £000
<b>Group</b>				
Accelerated capital allowances	90	-	-	-
Retirement benefit obligations	-	-	497	667
	<u>90</u>	<u>-</u>	<u>497</u>	<u>667</u>
	<u><u>90</u></u>	<u><u>-</u></u>	<u><u>497</u></u>	<u><u>667</u></u>
	Liabilities 2021 £000	Liabilities 2020 £000	Assets 2021 £000	Assets 2020 £000
<b>Company</b>				
Retirement benefit obligations	-	-	497	667
	<u>-</u>	<u>-</u>	<u>497</u>	<u>667</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>497</u></u>	<u><u>667</u></u>
			Group 2021 £000	Company 2021 £000
<b>Movements in the year:</b>				
Asset at 1 January 2021			(667)	(667)
Charge to profit or loss			148	58
Charge to other comprehensive income			112	112
			<u>(407)</u>	<u>(497)</u>
Asset at 31 December 2021			<u><u>(407)</u></u>	<u><u>(497)</u></u>

The deferred tax liability set out above relates to accelerated capital allowances that are expected to mature within the same period as the fixed assets.

The deferred tax asset set out above relates to a retirement benefit obligation; the tax benefit is expected to mature over the period the company will need to contribute towards the liability; this is likely to be over the period the obligations are due, which will be subject to several actuarial uncertainties.

### 21 Government grants

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Arising from government grants	135	-	-	-
	<u>135</u>	<u>-</u>	<u>-</u>	<u>-</u>

The government grant is in relation to securing employment of staff in Scotland up to at least 31 March 2023. At this point it will be recognised within the statement of comprehensive income.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£000	£000
Charge to profit or loss in respect of defined contribution schemes	250	242

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### Defined benefit scheme - group and company

The company operates a defined benefit scheme for qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 6 January 2022 by Ian Wade, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions	2021	2020
	%	%
Discount rate	1.85	1.40
Price inflation rate (RPI)	3.40	2.90
Price inflation rate (CPI)	2.90	2.40

Mortality assumptions	2021	2020
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.9	21.8
- Females	23.6	23.5
Retiring in 20 years		
- Males	23.5	23.4
- Females	25.4	25.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2021	2020
Discount rate - 25 basis points	10,797	11,091
Post retirement mortality assumption - 1 year age rating	10,707	10,967
Price inflation rate + 25 basis points	10,626	10,910

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Retirement benefit schemes

(Continued)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

Group and company	2021 £000	2020 £000
Present value of defined benefit obligations	10,353	10,635
Fair value of plan assets	(7,737)	(7,127)
Deficit in scheme	2,616	3,508
Total liability recognised	2,616	3,508

Group and company	2021 £000	2020 £000
<i>Amounts recognised in the profit and loss account</i>		
Net interest on net defined benefit liability/(asset)	47	-
Other costs and income	4	-
Total costs	51	-

Group and company	2021 £000	2020 £000
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(544)	-
Less: calculated interest element	100	-
Return on scheme assets excluding interest income	(444)	-
Actuarial changes related to obligations	(143)	-
Total costs/(income)	(587)	-

Group and company	2021 £000
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2021	10,635
Benefits paid	(286)
Actuarial gains and losses	(143)
Interest cost	147
At 31 December 2021	10,353

The defined benefit obligations arise from plans which are wholly or partly funded.

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Retirement benefit schemes (Continued)

<b>Group and company</b>	<b>2021</b>
<i>Movements in the fair value of plan assets</i>	<b>£000</b>
Fair value of assets at 1 January 2021	7,127
Interest income	100
Return on plan assets (excluding amounts included in net interest)	444
Benefits paid	(286)
Contributions by the employer	356
Other	(4)
At 31 December 2021	<u>7,737</u>

<b>Group and company</b>	<b>2021</b>	<b>2020</b>
<i>Fair value of plan assets at the reporting period end</i>	<b>£000</b>	<b>£000</b>
Equity instruments	4,614	4,282
Debt instruments	3,047	2,779
Cash and cash equivalents	60	50
Assets held by insurance company	16	16
	<u>7,737</u>	<u>7,127</u>

### 23 Share capital

<b>Group and company</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Ordinary share capital</b>	<b>Number</b>	<b>Number</b>	<b>£000</b>	<b>£000</b>
<b>Issued and fully paid</b>				
ordinary shares of £1 each	9,559,000	9,559,000	9,559	9,559

### 24 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	502	577	-	-
Between two and five years	129	528	-	-
	<u>631</u>	<u>1,105</u>	<u>-</u>	<u>-</u>

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Related party transactions

#### Transactions with related parties

As a wholly owned member of a group, the company is exempt from the requirements of FRS 102.33 to disclose transactions with other members of the group.

### 26 Controlling party

The Company is a subsidiary undertaking of Franke Kuchentechnik AG. The ultimate parent company is Artemis Holding AG.

The largest group in which the results of the company are consolidated is that headed by Artemis Holding AG, 6052 Hergiswil, Switzerland. The consolidated financial statements of this group are not available to the public.

The ultimate controlling party is Michael Pieper.

### 27 Cash generated from operations - group

	2021 £000	2020 £000
Profit for the year after tax	665	175
<b>Adjustments for:</b>		
Taxation charged	224	23
Finance costs	666	609
Investment income	(176)	(178)
Loss on disposal of tangible fixed assets	9	-
Amortisation and impairment of intangible assets	135	134
Depreciation and impairment of tangible fixed assets	256	248
Pension scheme non-cash movement	-	3,508
Defined benefits employer pension contributions	(352)	-
Increase in provisions	552	-
<b>Movements in working capital:</b>		
Decrease in stocks	325	837
Decrease/(increase) in debtors	3,298	(2,803)
(Decrease)/increase in creditors	(1,302)	1,392
Increase in deferred income	135	-
<b>Cash generated from operations</b>	<b>4,435</b>	<b>3,945</b>

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 28 Analysis of changes in net debt

	2021 £000
<b>Opening net funds/(debt)</b>	
Cash and cash equivalents	14,316
Loans	(11,194)
	<u>3,122</u>
<b>Changes in net debt arising from:</b>	
Cash flows of the entity	3,209
	<u>6,331</u>
Closing net funds/(debt) as analysed below	<u>6,331</u>
<b>Closing net funds/(debt)</b>	
Cash and cash equivalents	17,863
Loans	(11,194)
	<u>6,669</u>

### 29 Prior period adjustment

A property used by the group for the distribution of goods is now held at depreciated cost rather than as an investment property. This adjustment has been retrospectively applied.

#### Reconciliation of changes in equity - group

		1 January 2020 £000	31 December 2020 £000
	Notes		
<b>Adjustments to prior year</b>			
Depreciation on freehold property	1	(49)	(49)
Capitalising of works to property	2	-	144
Depreciation on freehold property	1	-	(52)
		<u>(49)</u>	<u>43</u>
Total adjustments		(49)	43
Equity as previously reported		9,105	9,855
		<u>9,056</u>	<u>9,898</u>
Equity as adjusted		<u>9,056</u>	<u>9,898</u>
<b>Analysis of the effect upon equity</b>			
Profit and loss reserves		(49)	43
		<u>(49)</u>	<u>43</u>

# FRANKE UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 29 Prior period adjustment

(Continued)

#### Reconciliation of changes in profit for the previous financial period

	Notes	2020 £000
<b>Adjustments to prior year</b>		
Depreciation on freehold property	1	-
Capitalising of works to property	2	144
Depreciation on freehold property	1	(52)
		<hr/>
Total adjustments		92
Profit as previously reported		83
		<hr/>
Profit as adjusted		175
		<hr/>

#### Notes to reconciliation

1

£2.45m has been transferred from investment property to freehold land and buildings, as a result depreciation for the 2019 and 2020 year ends have also been adjusted for.

2

A number of improvements were carried out on the property during the year to December 2020, these improvements were previously expensed in line with the correct treatment for investment property however now the depreciated cost method is being retrospectively applied these improvements have been capitalised.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.