



**Ideal Standard (UK) Limited**

**Registered Number 00091891**

**Annual Report and Financial Statements - 31 December 2021**

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**Ideal Standard (UK) Limited**  
**Corporate directory**  
**For the year ended 31 December 2021**



Directors	D Barber J C Elwell R Whittaker
Company secretary	J C Elwell
Registered office	The Bathroom Works National Avenue Hull North Humberside HU5 4HS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL
Solicitors	Rollits LLP Citadel House 58 High Street Hull HU1 1QE
Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN
Domicile & Registration	Domiciled in the UK Registered in England & Wales
Registered Status	Private company limited by shares and incorporated in the UK

# **Ideal Standard (UK) Limited**

## **Contents**

**For the year ended 31 December 2021**



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**Ideal Standard (UK) Limited**  
**Strategic report**  
**For the year ended 31 December 2021**



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

**Review of the business**

The loss for the company after providing for income tax amounted to £2,868,000 (2020: £1,200,000).

Turnover for the year increased to £144,089,000 compared to £120,450,000 for the previous year.

Total equity increased to £54,865,000 from £51,015,000 in the year. This is mainly due to an actuarial gain on the defined benefit pension scheme, directly reflected in equity.

The Company's key financial and other performance indicators during the year were as follows:

	2021 £'000	2020 £'000	Change £'000	Change %
Turnover (1)	144,089	120,450	23,639	20%
Operating profit	2,171	3,055	(884)	(29%)
(Loss)/profit after tax for the financial year (2)	(2,868)	(1,200)	(1,668)	139%
Total equity (3)	54,865	51,015	3,850	8%
Monthly average number of employees	235	234	1	-
Sales per employee	613	515	98	19%

(1) Turnover has increased by 20% year-on-year, mainly due to the easing of restrictions around the pandemic leading to increased sales orders.

(2) The loss made was as a result of a large tax expense in the statement of comprehensive income.

(3) Total shareholders' funds have increased by 8%, due to a large actuarial gain on the defined benefit pension scheme.

**Year-end position of the company**

At the end of the year, the company was in a strong financial position with a healthy balance sheet and good trading prospects. The company is in a good position to grow revenues.

**Principal risks and uncertainties**

The directors continually review the potential risks facing the company. Some of the principal risks and uncertainties identified are:

*Competitive risks*

The company has faced increased competition from competitors, particularly those with manufacturing facilities in low cost countries. The company continues to differentiate itself and its products through its strong brands and by maintaining its reputation for high quality products and customer service.

*Legislative risks*

In the UK and Europe, water usage legislation has defined the flushing standards for the company's products. These standards are subject to periodic revision and any new directive may bring challenges to the industry for the supply of suitable products.

*Financial risks*

The company and its parent entities consider the company's risk profile during all decision-making. As the company sells products on behalf of other group entities it has no exposure to currency and credit risk. Cash flow and liquidity risks are mitigated due to participation in a group cash pooling arrangement.

*Exposure to price, credit, liquidity and cash flow risk*

The company is a limited risk distributor; therefore all risks in relation to customer debts, liquidity and cash flow are borne by Ideal Standard International NV.

### **Environmental responsibility**

The products sold by the company have minimal environmental impact at the end of their life cycle and many are recyclable. Ceramic sanitaryware has a potential very long life. Many of the products produced will have an impact on water usage. Consequently, the business develops efficient water saving products including dual flush cisterns, regulated taps and showers and water saving baths. The company has more than 900 products on the European Water Label Scheme and is committed to reducing water wastage.

Manufacturing processes are designed to minimise impact on the environment with a heavy emphasis on recycling waste and improving efficiency. The company is also signed up to climate change agreements with commitments to continual improvement in energy efficiency.

### **Section 172(1) statement**

Directors are required to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ("S172") when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement explains how the Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to Ideal Standard, and the level of information disclosed is consistent with the size and the complexity of the business.

### *General confirmation of Directors' duties*

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

#### *S172(1) (A) "The likely consequences of any decision in the long term"*

The Directors understand the business and the evolving environment in which we operate. The strategy set by the Board is intended to strengthen our position as a leading bathroom company by providing quality bathroom products while keeping safety and social responsibility fundamental to our business approach. The Directors have taken the decisions they believe best support the Company's strategic ambitions and stakeholder interests for the long term.

#### *S172(1) (B) "The interests of the company's employees"*

The Directors recognise that Ideal Standard employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. The Directors recognise that our pensioners, though no longer employees, also remain important stakeholders who have contributed to the previous success of the business and has helped create the platform for future success.

#### *S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"*

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and Governments. Ideal Standard seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. The Directors also review and approve the Company's approach to suppliers which is set out in the Company's policies. The Directors continuously assess the priorities related to customers and those with whom we do business, and the Directors engage on these topics, for example, within the context of business strategy updates and investment proposals. Moreover, the Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged.

#### *S172(1) (D) "The impact of the company's operations on the community and the environment"*

This aspect is inherent in our strategic ambitions. As such, the Directors receive information on these topics to both provide relevant information for specific Board decisions and to provide ongoing overviews at Ideal Standard group level.

**Ideal Standard (UK) Limited**  
**Strategic report**  
**For the year ended 31 December 2021**



*SI72(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"*

The Directors periodically review and approve clear frameworks, such as The Code of Conduct, specific Ethics & Compliance manuals, Whistleblowing, Anti-Bullying, Anti-Bribery, Anti-Corruption and its Modern Slavery Statements, to ensure that its high standards are maintained both within Ideal Standard and the business relationships we maintain. This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards help assure its decisions are taken and that the Company acts in ways that promote high standards of business conduct.

**Culture**

The Directors recognise that they have an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The Directors have established honesty, integrity and respect for people as Ideal Standard's core values. The Code of Conduct, Code of Ethics, Anti-Bribery and Anti-Corruption help everyone at Ideal Standard act in line with these values and comply with relevant laws and regulations. The Company's commitment to policy on Health, Safety, Security, Environment & Social Performance is designed to help protect people and the environment. We strive to maintain a diverse and inclusive culture.

This report is made in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to read "R Whittaker", written over a horizontal line.

R Whittaker  
Director

6 May 2022

**Ideal Standard (UK) Limited**  
**Directors' report**  
**For the year ended 31 December 2021**



The directors present their report, together with the financial statements, on the company for the year ended 31 December 2021.

**Principal activities**

The principal activity of the company during the year was the marketing and supply of bathroom and allied sanitary equipment. The company's product ranges are under constant development through the creation of new designs and the innovative uses of materials and processes.

Ideal Standard (UK) Limited continues to sell product on behalf of Ideal Standard International NV and continues to be responsible for sales and administration of the UK bathroom business.

**Review of operations**

The loss for the company after providing for income tax amounted to £2,868,000 (31 December 2020: £1,200,000).

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were those listed on page 1.

**Research and development**

The company continues to operate and provide resources for research and development programmes that are co-ordinated by, and recharged to Ideal Standard International NV. These programmes include research into new materials and production methods and provide solutions to changes in local and European legislation. The company prides itself on its innovative approach to sanitary ware design and manufacturing.

**Future developments**

The directors aim to maintain the management policies which have resulted in the company's satisfactory performance in recent years.

**Matters covered in the strategic report**

The business review and key performance indicators have all been disclosed within the strategic report.

**Indemnity of directors**

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

**Financial risk management**

This is included in the strategic report on page 3.

**Employee engagement**

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its growth. The company encourages the involvement of employees by means of regular written and oral communications.

**Disabled employees**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled, the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

**Ideal Standard (UK) Limited**  
**Directors' report**  
**For the year ended 31 December 2021**



**Consolidation exemption**

The company is a wholly-owned subsidiary of Ideal Standard Holdings (BC) UK Limited and is included in the consolidated financial statements of Ideal Standard International S.A. which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

**Statement of directors' responsibilities in respect of the financial statements**

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

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

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

**Disclosure of information to the auditors**

In the case of each director in office at the date the directors' report is approved:

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

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

**Charitable and political donations**

No charitable or political donations were made during the year.

**Environmental reporting**

Streamlined Energy and Carbon Reporting (SECR) legislation, which came into force on 1 April 2019, requires all large UK companies to report on their annual energy use, greenhouse gas emissions and energy efficiency actions they have taken.

The directors present the following energy and carbon data, which has been collected from energy use across the UK Group in our site activities and employees' business travel.



**Ideal Standard (UK) Limited**  
**Directors' report**  
**For the year ended 31 December 2021**



Energy consumption and greenhouse gas emissions	2021	2021	2020	2020
	Energy	Co2	Energy	Co2
	consumption	emissions in	consumption	emissions in
		tonnes		tonnes
<i>Scope 1</i>				
Gas (kwh)	53,046,055	9,716	41,410,108	7,614
Propane (kgs)	21,836	5	2,974	9
Red diesel (litres)	84,944	234	29,644	82
Fuel - business travel (litres)	14,490	35	16,673	42
Fuel - business travel (miles)	549,456	148	465,044	125
<i>Scope 2</i>				
Electricity (kwh)	12,157,882	2,581	10,642,058	2,481
<b>Total Co<sub>2</sub> °</b>		<b>12,720</b>		<b>10,353</b>

**Intensity ratio details**

Intensity ratios have been calculated on a production and revenue basis.

*Production intensity ratio*

Co<sub>2</sub> ° related to ceramic production: 12,536 Co<sub>2</sub> °

Total Co<sub>2</sub> °: 12,720 Co<sub>2</sub> °

Therefore, for every total tonne of Co<sub>2</sub> °, 0.985 tonnes is related to ceramic production.

*Revenue intensity ratio*

Total Co<sub>2</sub> °: 12,720 Co<sub>2</sub> °

Total revenue: £144,089,000

Therefore, 87.004 tonnes Co<sub>2</sub> ° per £1m of revenue.

**Energy efficiency action taken**

The COVID-19 situation resulted in disruption to work activities, with most office personnel working from home for extended periods during lockdown and reduced production levels in the manufacturing plant. However, various energy efficiency policy actions continued throughout this period. These included replacement of fluorescent tubed and metal halide lighting with LED's, replacement of motors with highest energy efficient IE3 motors, on-going compressed air leakage management and re-use of waste heat from compressors.

In 2021, 46% of the fleet of leased cars were hybrid electric, compared with 34% in 2020, this is in order to reduce business travel emissions.

**Methodology used**

The carbon reporting year is 1 January 2021 to 31 December 2021. We have reported Co<sub>2</sub> ° for Scope 1 and Scope 2 emissions. Scope 1 covers emissions from direct combustion of fuels and fuel used for business travel in company leased vehicles, including the grey fleet\*. Energy consumption data is captured through utility billing, meter reads or estimates for minor supplies.

Two intensity ratios have been selected based on total revenue and manufactured saleable product [production intensity ratio]. The production intensity ratio is based on metered energy data and production data taken from the CCA report for the ceramic manufacturing site, plus other direct fuels [propane and diesel] used in operations.

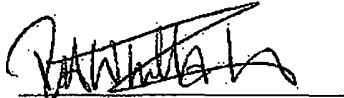
\* fuel consumption for business travel also includes some fuel for private use, where data capture systems do not allow separation of business and private mileage i.e. employees in receipt of a fuel card.

**Ideal Standard (UK) Limited**  
**Directors' report**  
**For the year ended 31 December 2021**



This report is made in accordance with a resolution of directors:

On behalf of the directors:

A handwritten signature in black ink, appearing to read 'R. Whittaker', written over a horizontal line.

R Whittaker  
Director

6 May 2022

# **Independent auditors' report to the directors of Ideal Standard (UK) Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Ideal Standard (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

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

### **Independence**

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

### **Conclusions relating to going concern**

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

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

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

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

### **Reporting on other information**

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

**Ideal Standard (UK) Limited**  
**Independent auditor's report to the members of Ideal Standard (UK) Limited**  
**For the year ended 31 December 2021**



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

**Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

**Responsibilities for the financial statements and the audit**

**Responsibilities of the directors for the financial statements**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

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

- Discussions with management in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular any journals entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular the assumptions used in calculating the liabilities of the defined benefit pension scheme and loss allowances against amounts owed by group undertakings; and

## **Ideal Standard (UK) Limited**

### **Independent auditor's report to the members of Ideal Standard (UK) Limited For the year ended 31 December 2021**



- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

#### **Use of this report**

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

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

A handwritten signature in cursive script, reading "Dino Blackburn".

Dino Blackburn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
9 May 2022

**Ideal Standard (UK) Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2021**



	Note	2021 £'000	2020 £'000
Turnover	3	144,089	120,450
Cost of sales		(124,058)	(104,520)
Gross profit		20,031	15,930
Distribution costs		(11,101)	(9,575)
Administrative expenses		(6,759)	(4,381)
Other income		-	1,081
Operating profit	4	2,171	3,055
Interest receivable and similar income	7	476	749
Interest payable and similar expenses	8	(3,333)	(2,805)
(Loss)/profit before tax expense		(686)	999
Tax expense	9	(2,182)	(2,199)
Loss after tax expense for the year		(2,868)	(1,200)
<b>Other comprehensive (expense)/income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gains/(losses) on defined benefit pension scheme	14	8,380	(2,535)
Deferred tax on actuarial gains/losses	9	(1,662)	1,620
Other comprehensive (expense)/income for the year, net of tax		6,718	(915)
Total comprehensive (expense)/income for the year		3,850	(2,115)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Ideal Standard (UK) Limited**  
**Statement of financial position**  
**As at 31 December 2021**



	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Investments	10	8,001	8,001
Tangible assets	11	7,710	7,274
Right-of-use assets	12	3,298	3,544
Deferred tax asset	13	5,544	4,088
Defined benefit pension asset	14	44,730	33,183
<b>Total fixed assets</b>		<b>69,283</b>	<b>56,090</b>
<b>Current assets</b>			
Debtors - amounts falling due within one year	15	244,940	229,464
Cash at bank and in hand		4,190	4,833
<b>Total current assets</b>		<b>249,130</b>	<b>234,297</b>
<b>Current liabilities</b>			
Creditors - amounts falling due within one year	16	247,829	228,695
Lease liabilities	12	881	922
<b>Total current liabilities</b>		<b>248,710</b>	<b>229,617</b>
<b>Net current assets</b>		<b>420</b>	<b>4,680</b>
<b>Total assets less current liabilities</b>		<b>69,703</b>	<b>60,770</b>
<b>Non-current liabilities</b>			
Lease liabilities	12	2,744	2,956
<b>Total non-current liabilities</b>		<b>2,744</b>	<b>2,956</b>
<b>Net assets before deferred tax liability</b>		<b>66,959</b>	<b>57,814</b>
Deferred tax liability	17	12,094	6,799
<b>Net assets</b>		<b>54,865</b>	<b>51,015</b>
<b>Equity</b>			
Called-up share capital	18	14,272	14,272
Share premium account		78	78
Reserves	19	(39,448)	(46,166)
Retained earnings	20	79,963	82,831
<b>Total equity</b>		<b>54,865</b>	<b>51,015</b>

The financial statements on pages 13 to 34 were approved by the Board of Directors on 6 May 2022 and signed on its behalf by:

R Whittaker  
Director

6 May 2022

Ideal Standard (UK) Limited  
Registered Number 00091891

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Ideal Standard (UK) Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2021**



	Called up share capital £'000	Share premium account £'000	Revaluatio n reserve £'000	Pension actuarial movements reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	14,272	78	2,041	(47,292)	84,031	53,130
Loss after tax expense for the year	-	-	-	-	(1,200)	(1,200)
Other comprehensive expense for the year, net of tax	-	-	-	(915)	-	(915)
Total comprehensive expense for the year	-	-	-	(915)	(1,200)	(2,115)
Balance at 31 December 2020	<u>14,272</u>	<u>78</u>	<u>2,041</u>	<u>(48,207)</u>	<u>82,831</u>	<u>51,015</u>

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Pension actuarial movements reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	14,272	78	2,041	(48,207)	82,831	51,015
Loss after tax expense for the year	-	-	-	-	(2,868)	(2,868)
Other comprehensive income for the year, net of tax	-	-	-	6,718	-	6,718
Total comprehensive (expense)/income for the year	-	-	-	6,718	(2,868)	3,850
Balance at 31 December 2021	<u>14,272</u>	<u>78</u>	<u>2,041</u>	<u>(41,489)</u>	<u>79,963</u>	<u>54,865</u>

£1,886,000 which was transferred to the profit and loss account from the revaluation reserve in 2004 is not available for distribution. This amount relates to revaluations of assets transferred to the company's subsidiary, Armitage Shanks Limited, and hence remain non-distributable over the remaining period for which the assets are held by Armitage Shanks Limited.

*The above statement of changes in equity should be read in conjunction with the accompanying notes*



**Ideal Standard (UK) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**



## **1. General information**

The financial statements cover Ideal Standard (UK) Limited as an individual entity. The financial statements are presented in Pound sterling, which is Ideal Standard (UK) Limited's functional and presentation currency.

Ideal Standard (UK) Limited is a company limited by shares, incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is located at The Bathroom Works, National Avenue, Hull, North Humberside, HU5 4HS.

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

## **2. Significant accounting policies**

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

### **New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period.

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3, "Definition of a Business";
- Amendments to IAS 1 and IAS 8 "Definition of material";

These amendments did not have a significant impact on the financial performance or position of the company.

### *New standards, amendments and interpretations not early adopted by the Company*

Certain new standards, amendments to existing standards and interpretations have been published, but are not mandatory for the Company's accounting year beginning 1 January 2021.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as current or non-current (effective 1 January 2022)
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 01 January 2022)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2 (effective 1 January 2021)

The Company does not expect its application of these amendments to have a material impact on its financial statements.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report further describes principal risks and uncertainties associated with the business together with policies for managing these risks.

Having undertaken a going concern review, the Directors have considered the Company's principal risk areas, including the ongoing impact of the COVID-19 pandemic, when assessing the ability of the Company to continue as a going concern. The Directors have stress tested their forecasts by considering potential downturns in performance which represent severe but plausible scenarios in these uncertain times.

At the time of approving the Financial Statements the Directors expect that the Company will have adequate resources and liquidity to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

## **2. Significant accounting policies (continued)**

### **Consolidation**

The company is a wholly-owned subsidiary of Ideal Standard Holdings (BC) UK Limited and of its ultimate parent, Ideal Standard International S.A.. It is included in the consolidated financial statements of Ideal Standard International S.A., which are publicly available. Therefore the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is 15 Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg.

These financial statements are separate financial statements.

### **Research and development costs**

Research and development expenditure is charged to the income statement in the year in which it is incurred unless it meets the recognition criteria of an intangible asset as per IAS 38.

### **Basis of preparation**

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements have been prepared, under the historical cost convention.

The preparation of the financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are pensions and provisions which are described in further detail below:

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraphs 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of paragraph 73(e) of IAS 16, 'Property, plant and equipment'.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - ~ 10(d) (statement of cash flows);
  - ~ 16 (statement of compliance with all IFRS);
  - ~ 38A (requirement for minimum of two primary statements, including cash flow statements);
  - ~ 38B-D (additional comparative information);
  - ~ 111 (cash flow statement information); and
  - ~ 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

### **Critical accounting estimates**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual related results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

## **2. Significant accounting policies (continued)**

### **- Defined benefit pension scheme**

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

### **- Useful life and residual value**

An estimation of the residual values and useful lives of tangible assets and intangible assets is required to be made at least annually. Judgement is required in estimating the useful lives of fixed asset categories. The residual value is the estimated amount that would be currently obtained from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value is determined based upon discussions with local engineers and experts.

### **- Impairment of investments**

Investments are tested for impairment where there are financial or non-financial indicators that the carrying value of investments may be greater than the expected present value of future cash flows. Judgement is required to determine whether such indicators exist. Where it is determined that a test for impairment is required, the inputs into the impairment model such as growth, future cash flows and discount rates are estimated. These estimates and assumptions can have a significant impact on the result of the calculation and determine whether an impairment is recognised.

### **- Loss allowances against amounts owed by Group undertakings**

The Company holds amounts owed by other Ideal Standard group entities. The decision whether to recognise a loss allowance against such receivables requires judgement in respect of the underlying operational performance and economic risks faced by other Group companies.

If it is decided that the loss allowance should be computed, such computation involves estimation of the expected loss rate. The expected loss rates are based on the payment profiles of receivables over a period of at least 36 months before the end of the relevant reporting year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that the Company considers would affect the ability of the counterparty to settle the receivables.

## **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

## **Turnover / Revenue recognition**

The company recognises revenue as follows:

### *Revenue from contracts with customers*

The Company recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

- 1) Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- 2) Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- 3) Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- 4) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- 5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

## **2. Significant accounting policies (continued)**

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Company assesses each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Considering the nature of activities and applying the above mentioned guidance, we have concluded that the Company recognises the revenue over time i.e. when entity satisfies the performance obligation by transferring a good or service to the customer. The customer gets the control upon getting the legal title and the physical possession of the goods at the same time and the customer also gets the significant risks and rewards of ownership.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

A loss is recognised in the statement of comprehensive income when the expected contract costs exceed the total anticipated contract revenue.

### **Income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions on the basis of amounts expected to be paid to or received from the tax authorities.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Cash at bank and in hand**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

## **2. Significant accounting policies (continued)**

### **Debtors**

For trade and other debtors, including amounts receivable from group undertakings, the company has applied a simplified approach permitted by IFRS 9. The simplified approach is applied to a portfolio of trade debtors that are homogeneous in nature and carry similar credit risk. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the debtors.

### **Financial assets**

The application of the new standard required the management to apply the following new accounting policies:

#### *a) Classification*

From 1 January 2019, the company classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

Management determines the classification of its investment at initial recognition.

#### *b) Recognition and de-recognition*

Regular purchases and sales of financial assets are recognised on trade date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

#### *c) Measurement*

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs are directly attributed to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of comprehensive income.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in the statement of comprehensive income. Impairment losses are also recognised in the statement of comprehensive income.

Financial assets at fair value through other comprehensive income (FVOCI) are carried at fair value. After initial measurement, the company presents fair value gains and losses on equity investment in OCI, and there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in the statement of comprehensive income as other income when the company's right to receive payments is established.

#### *d) Impairment of financial assets*

For trade and other debtors, the company applies the simplified approach permitted by IFRS 9. The simplified approach is applied to a portfolio of trade debtors that are homogeneous in nature and carry similar credit risk. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the debtors.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are recorded at historical cost to the company less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. In earlier years land and buildings have been revalued on the basis of their value in use and elected to use this valuation as its deemed cost at the date of the transition to FRS 101.

## **2. Significant accounting policies (continued)**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold land	Non-depreciable
Freehold buildings	20-40 years
Leasehold improvements	5 years
Plant and machinery	3-15 years

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable; any lease payments made at or before the commencement date net of any lease incentives received; any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to the income statement as incurred.

### **Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured, if applicable, at amortized cost using the effective interest method.

### **Lease liabilities**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis of the variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

## **2. Significant accounting policies (continued)**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs, and restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment and furniture.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. Extension and termination options are also accounted for to determine the lease term of contract.

### **Fixed asset investments**

Fixed asset investments are initially recorded at cost. Impairment reviews are performed by the directors when there has been an indication of potential impairment and provisions for diminution in value recognised as necessary.

### **Pensions**

The company contributed to two pension plans, incorporating defined benefit and defined contribution arrangements which are operated jointly with Armitage Washrooms Limited and Armitage Shanks Limited.

The amount recognised in the statement of financial position in respect of the defined benefit pension asset is the fair value of plan assets out of which the obligations are to be settled directly less the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), together with any actuarial gains or losses and unrecognized past service costs. Fair value is based on market price information and in the case of quoted securities is the published mid-market 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.

The cost of providing benefits under the defined benefit plans is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice.

The company recognises, in accordance with FRS 101, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in full as they arise outside of the income statement and are presented in the Statement of Comprehensive Income and Expense with the exception of gains and losses arising from changes in the benefits regarding past services which are recognised in the income statement.

Past service costs are recognised in the income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the income statement as other finance income or expense.

**Ideal Standard (UK) Limited**  
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**2. Significant accounting policies (continued).**

Contributions to defined contribution schemes are recognised in the income statement in the year in which they become payable.

**Called up share capital**

Ordinary shares are classified as equity.

**Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants are recognised as other income in the statement of comprehensive income.

**3. Turnover**

Turnover, which is stated net of value added tax and rebates, represents amounts invoiced for goods and services supplied, is attributable to the company's continuing principal activity. The entire turnover for the year relates to performance obligations satisfied at a point in time.

An analysis of turnover by geographical destination is given below:

*Analysis of turnover by geography*

	2021 £'000	2020 £'000
United Kingdom	142,253	118,926
Europe	66	56
Rest of the World	1,770	1,468
	<u>144,089</u>	<u>120,450</u>

**4. Operating profit**

This is stated after charging:

	2021 £'000	2020 £'000
Fees payable to the company's auditors in respect of:		
- audit of company financial statement	67	54
- audit of company's subsidiary and other related undertakings	35	23
Depreciation of owned fixed assets (including impairment costs)	503	481
Research costs	200	150



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**5. Average number of employees and employee benefits expense**

The monthly average number of employees was as follows:

	2021	2020
Distribution and selling	176	174
Administration	59	60
Average number of employees	<u>235</u>	<u>234</u>

The employee benefits expense during the year was as follows:

	2021 £'000	2020 £'000
Wages and salaries	9,564	8,593
Social security costs	1,023	998
Other pension costs	1,541	1,687
Total employee benefits expense	<u>12,128</u>	<u>11,278</u>

**6. Directors' remuneration**

Details of directors' remuneration is set out below:

	2021	2020
Number of directors	3	4
	2021 £'000	2020 £'000
Aggregate remuneration in respect of qualifying services	536	674
	2021 £000	2020 £000
The highest paid director's emoluments were as follows:		
Aggregate emoluments	309	500

**7. Interest receivable and similar income**

	2021 £'000	2020 £'000
Other interest receivable	-	1
Pension scheme finance income	447	707
R&D tax credit	29	41
	<u>476</u>	<u>749</u>

**Ideal Standard (UK) Limited**  
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**8. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Factoring costs	666	543
Intercompany interest payable	2,540	2,149
Lease liabilities	127	113
	<u>3,333</u>	<u>2,805</u>

**9. Tax expense**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<i>Income tax expense/(credit)</i>		
Current tax	-	8
Deferred tax - origination and reversal of temporary differences	5,219	2,191
Adjustment recognised for prior periods	6	175
Other adjustment	(3,043)	(175)
<b>Aggregate tax expense</b>	<u>2,182</u>	<u>2,199</u>
Deferred tax included in tax expense comprises:		
Increase in deferred tax assets (note 13)	(1,456)	(3)
Increase in deferred tax liabilities (note 17)	6,675	2,194
<b>Deferred tax - origination and reversal of temporary differences</b>	<u>5,219</u>	<u>2,191</u>
<i>Numerical reconciliation of tax expense and tax at the statutory rate</i>		
(Loss)/profit before tax expense	(686)	999
Tax at the statutory tax rate of 19%	(130)	190
Adjustment recognised for prior periods	6	175
Adjustment to deferred tax balances as a result of change in statutory tax rate	1,610	1,427
Disallowed expenses	28	23
Non-taxable income	(166)	(348)
Group relief surrendered	834	732
<b>Tax expense:</b>	<u>2,182</u>	<u>2,199</u>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>

*Amounts credited directly to equity*

Deferred tax liabilities (note 17)	(1,380)	(1,620)
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**Factors that may affect future tax charges:**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would rise to 25%. As this new law was enacted after the year end, deferred taxation has been provided at 25%.

**Ideal Standard (UK) Limited**  
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**10. Investments**

	2021 £'000	2020 £'000
Investment in subsidiaries	<u>8,001</u>	<u>8,001</u>

**Reconciliation**

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	<u>8,001</u>	<u>8,001</u>
Closing carrying amount	<u>8,001</u>	<u>8,001</u>

**Interests in subsidiaries**

The subsidiary undertakings of the company are detailed below:-

Name	Principal place of business / Country of incorporation	Activity	Proportion held %
Armitage Shanks Limited	England and Wales	Manufacturing	100%
Ideal Standard (UK) Executive Pension Trustees Limited	England and Wales	Dormant	100%
Ideal Standard (UK) Pension Trustees Limited	England and Wales	Dormant	100%

The registered office address of Armitage Shanks Limited is the same as Ideal Standard (UK) Limited. The registered office address of Ideal Standard (UK) Executive Pension Trustees Limited and Ideal Standard (UK) Pension Trustees Limited is Armitage, Rugeley, Staffordshire, WS15 4BT.

**(a) Armitage Shanks Limited**

Armitage Shanks Limited is the UK manufacturing company within the Group. The investment relates to ordinary shares except for a £3,000,000 addition made in 2010 which relates to a capital contribution made to Armitage Shanks Limited.

In the opinion of the directors of the company the aggregate value of the assets of the company consisting of shares in and amounts owing from the company's subsidiaries is not less than the aggregate of the amounts at which those assets are stated in the balance sheet.

**Ideal Standard (UK) Limited**  
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**11. Tangible assets**

	2021 £'000	2020 £'000
Freehold land and buildings	9,494	9,309
Less: Accumulated depreciation	(4,447)	(4,185)
	<u>5,047</u>	<u>5,124</u>
Leasehold improvements	566	566
Less: Accumulated depreciation	(111)	(107)
	<u>455</u>	<u>459</u>
Plant and machinery	11,275	11,420
Less: Accumulated depreciation	(9,549)	(9,729)
	<u>1,726</u>	<u>1,691</u>
Assets under construction	482	-
	<u>7,710</u>	<u>7,274</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
Balance at 1 January 2021	5,124	459	1,691	-	7,274
Additions	185	-	270	482	937
Disposals	-	-	(414)	-	(414)
Depreciation expense	(262)	(4)	179	-	(87)
Balance at 31 December 2021	<u>5,047</u>	<u>455</u>	<u>1,726</u>	<u>482</u>	<u>7,710</u>

**12. Leases**

The company has lease contracts for a showroom and various equipment used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

**(i) Amounts recognised in the statement of financial position**

The balance sheet shows the following amounts relating to leases:

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**12. Leases (continued)**

	31 Dec 2021 £'000	31 Dec 2020 £'000
<b>Right-of-use assets:</b>		
Land and buildings	2,075	2,363
Plant and equipment	426	368
Motor vehicles	794	797
Computer equipment	2	3
Office equipment	1	13
	<u>3,298</u>	<u>3,544</u>
<b>Lease liabilities:</b>		
Current	881	922
Non-current	<u>2,744</u>	<u>2,956</u>
	<u>3,625</u>	<u>3,878</u>

Additions to the right-of-use assets during the 2021 financial year were £945,000 (2020: £1,615,000).

**(ii) Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases:

	2021 £'000	2020 £'000
<b>Depreciation charge of right-of-use assets:</b>		
Land and buildings	289	193
Plant and equipment	453	248
Motor vehicles	459	281
Computer equipment	1	34
Office equipment	12	11
	<u>1,214</u>	<u>767</u>
<b>Interest expense (included in finance cost) - note 9</b>	<u>127</u>	<u>113</u>
<b>Future minimum lease payments are as follows:</b>		
Not later than one year	970	922
Later than one year and not later than five years	2,167	735
Later than five years	782	2,600
<b>Total gross payments</b>	<u>3,919</u>	<u>4,257</u>
<b>Impact of finance expenses</b>	<u>(294)</u>	<u>(379)</u>
<b>Carrying amount of liability</b>	<u>3,625</u>	<u>3,878</u>

The total cash outflow for leases in 2021 was £1,361,000 (2020: £891,000).

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**13. Deferred tax asset**

	2021 £'000	2020 £'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	5,544	4,088
Deferred tax asset	<u>5,544</u>	<u>4,088</u>
<i>Movements:</i>		
Opening balance	4,088	4,085
Credited to profit or loss (note 9)	1,456	3
Closing balance	<u>5,544</u>	<u>4,088</u>

**14. Defined benefit pension asset**

The Company sponsors the Ideal Standard (UK) Limited Pension Plan and the Ideal Standard (UK) Limited Executive Pension Plan ("the Plans"), which are funded defined benefit pension schemes in the UK. The Plans are administered within trusts which are legally separate from the Company. Directors of the trustee bodies are appointed by both the Company and the Plans' membership and act in the interest of the Plans and all relevant stakeholders, including the members and the Company. The Trustee bodies are also responsible for the investment of the Plans' assets.

The Plans provide pensions and lump sums to members on retirement and to their dependants on death. Pensions were based on final salary until 5 April 2006, and Career Average Earnings (CARE) thereafter. The Plans closed to future accrual of benefits on 5 April 2013.

Since the closure of the Plans, no employee contributions have been paid. The Company meets the ongoing funding costs of the Plans, as determined by regular actuarial valuations.

The Plans pose a number of risks to the Company, for example longevity risk, investment risk, interest rate risk and inflation risk. The Trustees are aware of these risks and use various techniques to control them. The Trustees aim to actively manage these risks, for example through the use of LDI. The Trustees also has a number of internal control policies which are in place to manage and monitor the various risks they face.

The Plans are subject to regular actuarial valuations, which are usually carried out every three years. An actuarial valuation is being carried out with an effective date of 5 April 2021. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions. Preliminary results of the 2021 valuation have been projected to 31 December 2021 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

*Statement of financial position amounts*

The amounts recognised in the statement of financial position are determined as follows:

	2021 £'000	2020 £'000
Present value of the defined benefit obligation	(294,726)	(308,614)
Fair value of defined benefit plan assets	339,456	341,797
Net asset in the statement of financial position	<u>44,730</u>	<u>33,183</u>

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**14. Defined benefit pension asset (continued)**

*Categories of plan assets*

The major categories of plan assets are as follows:

	2021 £'000	2020 £'000
Cash at bank and in hand	2,738	2,530
Equity instruments	48,522	74,118
Debt instruments	134,786	109,576
Other assets	153,410	155,573
	<u>339,456</u>	<u>341,797</u>

The Plans have no investments in the Company or in property occupied by the Company.

Under the current Schedule of Contributions, the Company expects to contribute £2,168,000 to the Plans during year ending 31 December 2022.

*Reconciliations*

	2021 £'000	2020 £'000
<b>Reconciliation of the present value of the defined benefit obligation, which is fully funded:</b>		
Balance at the beginning of the year	308,614	285,295
Interest cost	3,937	5,562
Past service cost	-	300
Benefits paid	(9,995)	(14,665)
Actuarial gains and losses arising from changes in financial assumptions	(8,239)	30,884
Actuarial gains and losses arising from changes in demographic assumptions	(297)	1,238
Experience loss/(gain)	706	-
Balance at the end of the year	<u>294,726</u>	<u>308,614</u>
<b>Reconciliation of the fair value of plan assets:</b>		
Balance at the beginning of the year	341,797	321,015
Return on plan assets	920	29,587
Contributions by entities in the company	3,018	468
Benefits paid	(9,995)	(14,665)
Interest income	4,384	6,269
Administration expenses	(668)	(877)
Balance at the end of the year	<u>339,456</u>	<u>341,797</u>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>

The split of the Plans' liabilities by category of membership is as follows:

Active members	-	-
Deferred pensioners	146,396	172,308
Pensions in payment	148,294	136,306
	<u>294,690</u>	<u>308,614</u>

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**14. Defined benefit pension asset (continued)**

	2021	2020
Average duration of the Plans' liabilities at the end of the period (years)	16	17
This can be subdivided as follows:		
Active members	-	-
Deferred pensioners	21	21
Pensions in payment	12	12

*Amounts recognised in the statement of comprehensive income*

The amounts recognised in the statement of comprehensive income are as follows:

	2021 £'000	2020 £'000
Net Interest credit	(447)	(707)
Past service cost (GMP equalisation)	-	300
Administration expenses	668	877
Total amount recognised in profit or loss	<u>221</u>	<u>470</u>
Actuarial gains	7,830	-
Return on plan assets	920	-
Actuarial losses	-	(2,535)
Total amount recognised in other comprehensive (expense)/income	<u>8,750</u>	<u>(2,535)</u>

The principal actuarial assumptions used were:



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**14. Defined benefit pension asset (continued)**

	2021	2020
Liability discount rate	1.90%	1.30%
Inflation assumption - RPI	3.35%	2.80%
Inflation assumption - CPI	2.65%	2.00%
Revaluation of deferred pensions (non-GMP)	2.70%	2.00%
Increases in pensions in payment:		
- RPI capped at 5%	3.30%	2.80%
- RPI capped at 2.5%	2.30%	2.10%
Proportion of employees commuting pension for cash	100%	100%
Mortality assumption - pre retirement	As per post-retirement	As per post-retirement
	SAPS	SAPS
	S3PMA	S3PMA
	115%/90% (main/exec)	115%/90% (main/exec)
	CMI 2020	CMI 2019
	M(1.00%)	1% (S=7.0)
	SAPS	SAPS
	S3PFA	S3PFA
	105%/90% (main/exec)	105%/90% (main/exec)
	CMI 2020	CMI 2019
	F(1.00%)	1% (S=7.0)
Mortality assumption - male post retirement		
	SAPS	SAPS
	S3PMA	S3PMA
	115%/90% (main/exec)	115%/90% (main/exec)
	CMI 2020	CMI 2019
	M(1.00%)	1% (S=7.0)
	SAPS	SAPS
	S3PFA	S3PFA
	105%/90% (main/exec)	105%/90% (main/exec)
	CMI 2020	CMI 2019
	F(1.00%)	1% (S=7.0)
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	85.7	85.7
Female aged 65 at year end:	86.7	86.7
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	88.8	88.7
Female aged 45 at year end:	90.0	89.9

**15. Debtors - amounts falling due within one year**

	2021 £'000	2020 £'000
Trade receivables	18,572	21,249
Other receivables	440	354
Amounts owed by group undertakings	225,928	207,861
	<u>244,940</u>	<u>229,464</u>

Amounts owed by Group undertakings are trading in nature, unsecured, interest-free and repayable on demand. The loss allowance as at 31 December 2020 is £nil (2019: £nil) as all amounts owed by Group undertakings are repayable on demand and the expected loss rate for the Company is nil% (2019: nil%).

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**16. Creditors - amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	3,540	1,932
Amounts owed to group undertakings	207,267	187,601
Factoring debt facility	6,963	11,044
Accruals	30,059	28,118
	<u>247,829</u>	<u>228,695</u>

On 1 January 2020, an intercompany cash pooling balance was turned into a loan with a 15 month term. A loan amount of £59,200,000 was issued by Ideal Standard International NV and interest charged each month at a rate of 3.22% of the principal value. The loan was due for repayment on 1 April 2021 but this has now been extended to 1 August 2022 at a revised rate of 2.81%.

Any other amounts owed to group undertakings within one year are unsecured, bear no interest and are repayable on demand.

**17. Deferred tax liability**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Pension movements	23,861	17,603
Accelerated capital allowances	815	415
Provisions	97	79
	<u>24,773</u>	<u>18,097</u>
Amounts recognised in equity:		
Pension movements	(12,679)	(11,298)
Deferred tax liability	<u>12,094</u>	<u>6,799</u>
<i>Movements:</i>		
Opening balance	6,799	6,225
Charged to profit or loss (note 9)	6,675	2,194
Credited to equity (note 9)	(1,380)	(1,620)
Closing balance	<u>12,094</u>	<u>6,799</u>

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**18. Called up share capital**

	2021 Shares	2020 Shares	2021 £'000	2020 £'000
Ordinary shares of £0.01 each - fully paid	626,736	626,736	6,267	6,267
Deferred shares of £0.25 each - fully paid	32,019	32,019	8,005	8,005
	<u>658,755</u>	<u>658,755</u>	<u>14,272</u>	<u>14,272</u>

The deferred shares carry no right to participate in any dividend or other distribution and the holders of these shares are not entitled to receive notice of or to attend or vote at any general meeting of the company. On a winding up the ordinary shares have priority over the deferred shares.

**19. Reserves**

	2021 £'000	2020 £'000
Revaluation reserve	2,041	2,041
Pension actuarial movements reserve	(41,489)	(48,207)
	<u>(39,448)</u>	<u>(46,166)</u>

**20. Retained earnings**

	2021 £'000	2020 £'000
Retained earnings at the beginning of the financial year	82,831	84,031
Loss after tax expense for the year	(2,868)	(1,200)
Retained earnings at the end of the financial year	<u>79,963</u>	<u>82,831</u>

**21. Contingent liabilities**

The Company has given a fixed and floating charge over its property and other assets as a Guarantor of the monies borrowed by the Ideal Standard International Group.

**22. Ultimate parent company**

The company is a wholly-owned subsidiary of Ideal Standard Holdings (BC) UK Limited, a company registered in England and Wales. The ultimate parent company is Ideal Standard International S.A., a company registered in Luxembourg.

The largest group for which the company is a member and for which consolidated financial statements are prepared is Ideal Standard International S.A.. Copies of Ideal Standard International S.A. financial statements can be obtained from: 15 Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg.