

Hilco Europe

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 01551254

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Hilco Europe

Company Information

Director	R Brownlee
Company secretary	M Peacock
Registered number	01551254
Registered office	Brunt Acres Road Industrial Estate Hawes North Yorkshire DL8 3UZ
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Hilco Europe

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Hilco Europe

Group Strategic Report For the Year Ended 31 December 2019

Introduction

Hilco Vision is an industry leading global eyewear and eye care company that delivers comprehensive solutions to customers. Built on a platform of innovation and operational excellence, our goal is to take pain points away from our customers' lives, increase simplicity, and enable shared success. Hilco Europe operates primarily in Germany, Netherlands-Benelux, and the United Kingdom.

The principal activity of Breitfeld & Schliekert GmbH ("B&S") involves the sale of goods and precision engineering and optical fields. The main sales area of B&S is in Germany, but also have customers throughout Europe and worldwide.

The principal activity of LEXXOO International GmbH ("Lexxoo") involves the procurement and selling of sunglasses, reading aids, contact lenses and care products for contact lenses, as well as optical accessories to non-optical customers. The main sales area of Lexxoo is Germany.

For Hilco UK, the core business relates to the distribution of eyewear products including sports and safety items, plus associated lens care consumables and accessories. In addition, the UK supplies repair tools and parts to opticians for glasses repairs. Sales are predominantly made in the UK, but are also shipped into mainland Europe, predominantly to French customers but also via distributor partners in other EU countries.

The Group has two trading subsidiaries incorporated in the Netherlands, Optiplus BV ("Optiplus") and Proteye Veilingheidsbrillen BV ("Proteye"), whose principal activities are also that of the manufacture and sale of optical products and accessories.

Hilco Europe

Group Strategic Report (continued) For the Year Ended 31 December 2019

Business review

The group saw turnover increase by 2.6% to £42.1m for the year to 31 December 2019, being driven primarily by a strong performance in Germany. Gross profit for the group decreased by 5.5% (by 2.2% 2018) mainly due to adverse movements in direct costs during the year.

The performance of the EU companies was expected to deliver sales, gross profit and EBITDA growth in the subsequent year. However, the effects of the Covid-19 global pandemic have affected all our European companies in 2020. This will be expanded upon in the Covid Statement on page 6.

In Germany, the turnover in 2019 increased in all entities. At B&S the turnover increased from €20.376m to €21.681m (+6.4%). This is not relating to a specified business area promotional activity, instead, the revenue-growth happened in all areas (optical chains, CNC-machinery, individual opticians). Lexxoo increased its turnover from €16.321m to €16.690m (+2.3%), mainly resulting from higher spot-deal-activity. In 2018 the company Lava also contributed to the consolidated turnover by €72m. This was no longer the case in 2019.

The turnover of the UK operation overall during 2019 decreased by 5.5% compared to the prior year. Within these figures, sales to French customers decreased less, by 1.2%. However, as at 1 January 2019, the frame repair business had been closed at 31 December 2018. On a like for like basis, excluding 2018 frame repair sales, the remaining turnover of the UK business decreased by 3.4%.

From 1 January 2020, supplies to French customers will commence migration to be shipped via the Breitfeld & Schlekert Germany distribution business, to mitigate and de-risk supply logistics resulting from the UK decision to leave the EU.

The operations in the Netherlands saw Optiplus turnover for the 12 months to December 2019 increase by 5.9% compared to 2018, resulting from key customer accounts range developments. Proteye experienced an overall sales decline of 3.7% in turnover in 2019 versus 2018, due to the end of one large contract. The latter was in part offset by other increases in underlying Proteye core business activity.

The group has net current liabilities arising as a result of a loan from a fellow group company which is technically payable on demand and has therefore been presented as due within one year. Despite the effects of the Covid pandemic on the post year end 2019 performance, the Directors are satisfied that The Hilsinger Company Parent LLC will provide the support required to be able to meet all external liabilities as they fall due and have therefore prepared the financial statements on a going concern basis.

Hilco Europe

Group Strategic Report (continued) For the Year Ended 31 December 2019

Principal risks and uncertainties

The opportunities for Breitfeld & Schliekert relate mainly to the further development of the CNC industrial business. At Lexxoo, business expansion opportunities relate to the growing business with existing customers, the acquisition of new customers and optimisation of the supply chain. Here we do expect that the business with the biggest individual customer (dm-drugstores) will remain stable, however the supply chain with suppliers in China needs to be further explored and increased. The customer base of Breitfeld & Schliekert focuses on opticians in retailing as well as on the industrial sector. The customer base of Lexxoo mainly focuses on large retail groups. This strong market position of existing customers and potential new customers involves a certain risk regarding the pricing and generation of sales revenues. Risks for Breitfeld & Schliekert exist in the area of customer creditworthiness, in addition to delivery capacity and product quality. Risks for Lexxoo exist in customer concentration, product quality and supply reliability. For both companies there is a limited risk of currency-conversion due to imports in USD from China.

The company addresses these risks through its many years of expertise in the optical sector. In addition to providing a balanced portfolio of high-quality products, the preparation of placement concepts at the "point of sale" that promote sales and are easy to handle is another important success factor. The group is also subject to exchange rate risks arising from the US dollar and the Japanese yen. These risks are partially offset by entering into corresponding hedging transactions. Further exchange rate risks relate to the loan and corresponding interest payments to be made to The Hilsinger Company Inc., Plainville, MA, USA, since the loan was taken out in US dollars.

The customer base of Hilco UK also mainly includes opticians in the retail field as well as major chains. 2019 has seen a 3.6% decline in the national chain sector. Following the UK decision to leave the EU, risks and uncertainties include the effects on foreign exchange rates movements, and the associated effects on cost of goods and trading. Post-Brexit supplies to & from the EU countries initially are proving to be operationally & financially more difficult. Hilco-UK in the first quarter of 2021 is experiencing delays at the ports especially with imports. Couriers rates are also increasing to cover the additional documentation and import costs. However, most goods for resale imports are from non-EU countries so the overall impacts are substantially mitigated.

The Netherlands-Benelux markets include new product development opportunities, e-commerce, & synergistic opportunities with the wider Hilco Group. Risks include strong market competition in the Netherlands.

During 2020 the Covid pandemic has affected companies across the globe. Please refer to the Post Year End Events section Covid statement for additional commentary.

Financial key performance indicators

Financial Key Performance Indicators include Sales, EBITDA, Debt levels compared to EBITDA, and Operating Cash Flow. There are no non-financial key performance indicators which are regularly used by management.

Hilco Europe

Group Strategic Report (continued) For the Year Ended 31 December 2019

Directors' statement of compliance with duty to promote the success of the Group

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly as between members of the company.

The Directors are mindful of their duties under section 172 (s172) to run the Company for the benefit of its shareholders, and in doing so, to take into account the long-term impact of any decisions on stakeholder relationships and the impact of its activities on its reputation for high standards of business conduct. We can only grow and prosper sustainably if we conduct ourselves in a responsible manner and have positive relationships with all our stakeholders.

The Board sets the Company's purpose and performs annual strategy reviews to deliver sustained future success and to be cognisant of the impact on key stakeholders. Risk management procedures identify principal risks and assess the mitigations in place to manage and minimise any potential impact of such risks, with reference to how these relate specifically to our stakeholders.

We have taken s172 requirements into consideration for many years. However, the Companies Act 2006 now requires provision of more specific information about how the Group and the Directors have done so. Most of the day-to-day decision making and stakeholder engagement is carried out by the Board of Directors and the senior leadership team members at the business level. The Board interacts with these stakeholders using various methods, which include direct Board member engagement, by receiving updates and reports from members of management who engage with such groups.

The Directors consider that the following groups are key stakeholders of the Group.

Shareholders & Investors

As a Board of Directors, our intention is to treat our shareholders in a responsible, fair and equitable manner. The goal is to return to shareholders & investors the benefits of our strategic focus to deliver sustainable growth and create long-term value.

The Board interacts with these stakeholders using various methods, which include direct Board member engagement, and by receiving updates and reports from members of management who engage with such groups.

Employees

Being fundamental to the delivery of our strategy and plans, Hilco aims to be a responsible employer to its staff in recognition that the strength of our business is built upon the dedication and expertise of our teams.

Engagement: Employment in a long-term growth business, with opportunities to develop and progress in a diverse and inclusive working environment.

Welfare: Commitment to providing a safe workplace, promoting physical, emotional, and financial wellbeing.

Remuneration: Fair pay rates, above National Minimum / Living Wage levels, plus additional employee benefits.

Customers

Continual focus on our customers and customer offering to build brand value and loyalty through solid and long-standing relationships.

Quality: Commitment to providing our customers with an innovative and comprehensive range of products of the highest quality, and excellence in standards of customer care, service, and delivery levels.

Hilco Europe

Group Strategic Report (continued) For the Year Ended 31 December 2019

Customer Experience: Dedicated telesales and customer services teams, web-ordering platforms, plus online and hard-copy brochures and catalogues for customer convenience and access to expert advice.

Suppliers

We rely on our suppliers to manufacture & distribute into all our operations.

Relationships: Ongoing development of long-term supplier relationships based on honesty, transparency and fairness, and meeting agreed payment terms.

Ethical trading: We have implemented our Vendor Code of Business Conduct and Ethics which requires all vendors to conduct their employment practices in compliance with all applicable labour laws and regulations. External verification of ethical and human rights standards, throughout the supply chain & product sourcing.

Modern slavery: Policy and risk-based auditing in place for all suppliers. To this end, in addition to reviewing and updating all policies that touch on identified areas of risk, we have a clear statement in our Vendor Code of Business Conduct and Ethics confirming our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure that no modern slavery, human trafficking or forced labour is taking place anywhere in our supply chains.

Community and Environment

Over recent years there has been a significant increase in expectations related to Corporate Social Responsibility, from communities and the wider public, that companies act in a responsible manner.

Community: Increasing focus on community engagement, communication, and local charity support.

Environment: Reducing any potential adverse impacts on the environment by introducing environmentally friendly products to our product ranges where appropriate.

Decision-making and risk management

The Board engages in monthly directors and senior management meetings. These include reviews of territory and company reporting packs, customer and competitor analysis, forecasts, and performance of these versus annual targets and budget, as well as HR and H&S related reporting. In turn, these inform timely and appropriate decision-making and actions to minimise company and employee risk exposure.

Governance and performance

As Directors, our intention is to operate responsibly to ensure the highest standards of business conduct and good governance, and to ensure compliance with all relevant laws and regulations in the territories in which we operate.

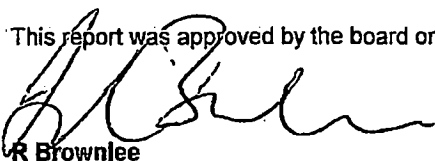
Regulators: Our aim is to have cooperative and constructive relationships with professional and government bodies that regulate business activities. In so doing, we intend to maintain and develop our reputation and hence contribute to the delivery of our plans.

Culture, values, and standards

The Hilsinger Company, Inc. group of companies is dedicated to conducting its business consistent with the highest standards of business ethics and takes its social responsibilities very seriously. We conduct our business in accordance with our core values.

This report was approved by the board on 30 March 2021

and signed on its behalf.



R Brownlee
Director

Hilco Europe

Directors' Report For the Year Ended 31 December 2019

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

Results and dividends

The loss for the year, after taxation, amounted to £555,218 (2018 - profit £1,175,506).

The Directors do not recommend the payment of a dividend for the year (2018 - £Nil).

Directors

The Directors who served during the year were:

R Brownlee
J Lemay (resigned 4 December 2019)
J Pressnell (resigned 4 December 2019)
D Wu (resigned 4 December 2019)

Future developments

See Post year end events and Covid Statement, on page 7.

The Directors are not aware of any other potential future events which should be brought to the attention of users of these financial statements.

Matters covered in the Strategic Report

In accordance with section 414C(11) of the Companies Act, certain matters, including engagement with suppliers, customers and others, required to be detailed in the Directors' Report are detailed in the Strategic Report where the Director considers them to be of strategic importance to the Group.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

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Directors' Report (continued) For the Year Ended 31 December 2019

Post year end events

The key significant event affecting the Group since the year end is the Covid pandemic.

With effect of 1 November 2020, Hilco Germany GmbH acquired the company 'I need you GmbH' (INY) and will include this entity in the consolidated reporting in 2020. This strategic acquisition fits and complements the existing core business, by adding high end ready readers and associated markets to the Hilco product and customer portfolios.

Covid statement

The Hilco Group is a global ophthalmic manufacturer and distributor of optical products that include Eyewear and Eyecare accessories and supplies. Our business is considered an essential business for two reasons. We supply products within the medical community and also have an alcohol wipe manufacturing business within the group that supplies alcohol wipes to the PPE sector.

Since the 31 December 2019 year-end, the Covid-19 crisis pandemic has affected many businesses. Hilco Europe is no exception. Our customers in the wholesale and retail optical business saw operations and footfall to high street stores reduced due to lockdown restrictions, especially Q2-2020, which in turn affected our sales to these customers.

On the announcement of lockdown, management instigated strategies to preserve business continuation whilst also maintaining the health and safety of staff, taking pro-active actions to ensure cash flow was prioritized during this period. Throughout this Covid-19 crisis, we have balanced both short and long-term considerations to preserve the financial stability of the company, to protect our stakeholders, and to contribute to the national efforts to combat the virus. During this period, we listened carefully to government advice, our customers, colleagues, suppliers, and shareholders, and drew on their support and commitment to support each other and our businesses.

The Company reduced expenses globally in all areas of the business and utilized national government furlough schemes in the UK, Germany and Holland which have assisted in reducing the effects of lockdown on our employees and the business. In addition, the cancellation of all optical shows and events, reduction in travel and the use of remote communication, has seen savings on fuel, logistics, accommodation, and subsistence costs, all of which have resulted in a positive effect on the P&L account. Some capital expenditures have also been deferred to preserve cash, and we continued to employ a team of credit & collection employees to ensure a focus on cash receipts. Management have also prepared financial projections for 2020 and 2021, including contingency planning in the event of further Covid-related downturns. The evaluations through 2021 to March 2022 compared to 2020 do not indicate any other going concern risks, especially now as Covid vaccination programmes are now gathering strong momentum into the first quarter of 2021.

Whilst the effects of the pandemic understandably suppressed this year's performance, these challenges also proved to be a test of the strength of the group's business models and supplier partnerships, and the ability of our teams to swiftly respond to these unprecedented events. This has been a challenge that we at Hilco Europe have all risen to and will continue to do so for the duration of the pandemic, and I would like to express my gratitude to all of my colleagues for their exceptional commitment, resilience and adaptability during this challenging period.

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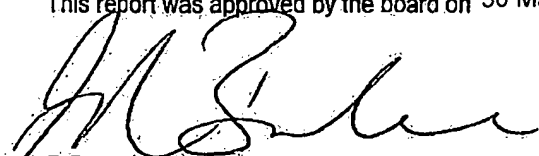
Directors' Report (continued) For the Year Ended 31 December 2019

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 March 2021

and signed on its behalf:



R. Brownlee
Director

Hilco Europe

Directors' Responsibilities Statement For the Year Ended 31 December 2019

The Directors are responsible for preparing the Group Strategic Report, the Directors' 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 Group and Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Hilco Europe

Independent Auditor's report to the members of Hilco Europe

Opinion

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

In our opinion:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Hilco Europe

Independent Auditor's report to the members of Hilco Europe (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Hilco Europe

Independent Auditor's report to the members of Hilco Europe (continued)

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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom
30 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hilco Europe

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	42,108,046	41,052,046
Cost of sales		(23,286,577)	(21,134,824)
Gross profit		18,821,469	19,917,222
Distribution costs		(296,992)	(358,187)
Administrative expenses		(17,941,346)	(16,694,485)
Operating profit	5	583,131	2,864,550
Interest receivable and similar income	7	375,264	239,278
Interest payable and similar expenses	8	(1,307,179)	(1,131,186)
(Loss)/profit before taxation		(348,784)	1,972,642
Tax on (loss)/profit	9	(206,434)	(797,136)
(Loss)/profit for the financial year		(555,218)	1,175,506
Currency translation differences		43,939	32,150
Other comprehensive income for the year		43,939	32,150
Total comprehensive income for the year		(511,279)	1,207,656
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(555,218)	1,175,506
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(511,279)	1,207,656

The notes on pages 20 to 38 form part of these financial statements.

Hilco Europe
Registered number: 01551254

Consolidated Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2019. £	2018 £	2018 £
Fixed assets					
Intangible assets	10		9,379,608		11,325,313
Tangible fixed assets	11		884,068		985,267
			<u>10,263,676</u>		<u>12,310,580</u>
Current assets					
Stocks	13	10,092,405		9,983,939	
Debtors: amounts falling due within one year	14	12,720,391		9,526,954	
Bank and cash balances		412,501		737,745	
		<u>23,225,297</u>		<u>20,248,638</u>	
Creditors: amounts falling due within one year	15	(29,296,902)		(27,659,051)	
Net current liabilities			<u>(6,071,605)</u>		<u>(7,410,413)</u>
Total assets less current liabilities			<u>4,192,071</u>		<u>4,900,167</u>
Provisions for liabilities					
Deferred tax	17		(1,096,687)		(1,215,902)
Net assets excluding pension liability			<u>3,095,384</u>		<u>3,684,265</u>
Pension liability			(88,058)		(165,660)
Net assets			<u><u>3,007,326</u></u>		<u><u>3,518,605</u></u>

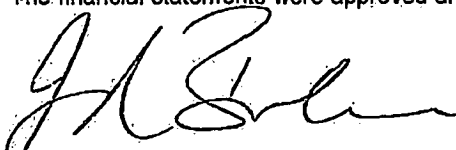
Hilco Europe
Registered number: 01551254

Consolidated Statement of Financial Position (continued)
As at 31 December 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	18	657	657
Share premium account	19	7,322	7,322
Capital redemption reserve	19	354	354
Foreign exchange reserve	19	(1,755,426)	(1,799,365)
Profit and loss account	19	4,754,419	5,309,637
Equity attributable to owners of the parent Company		<u><u>3,007,326</u></u>	<u><u>3,518,605</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30 March 2021



R Brownlee
Director

The notes on pages 20 to 38 form part of these financial statements.

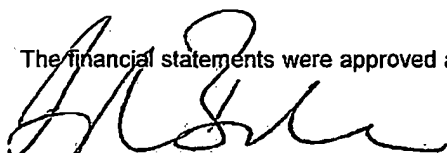
Hilco Europe
Registered number:01551254

Company Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible fixed assets	11		64,442		53,678
Investments	12		38,535		38,535
			<u>102,977</u>		<u>92,213</u>
Current assets					
Stocks	13	804,325		814,061	
Debtors: amounts falling due within one year	14	2,563,169		2,115,179	
Cash at bank and in hand		166,727		241,834	
		<u>3,534,221</u>		<u>3,171,074</u>	
Creditors: amounts falling due within one year	15	(2,986,771)		(2,480,888)	
Net current assets			<u>547,450</u>		<u>690,186</u>
Total assets less current liabilities			<u>650,427</u>		<u>782,399</u>
Provisions for liabilities					
Deferred taxation	17		-		(276)
Net assets			<u><u>650,427</u></u>		<u><u>782,123</u></u>
Capital and reserves					
Called up share capital	18		657		657
Share premium account	19		7,322		7,322
Capital redemption reserve	19		354		354
Profit and loss account brought forward	19	773,790		751,236	
(Loss)/profit for the year	19	(131,696)		22,554	
Profit and loss account carried forward	19		642,094		773,790
Total equity			<u><u>650,427</u></u>		<u><u>782,123</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30 March 2021


R Brownlee
Director

The notes on pages 20 to 38 form part of these financial statements.

Hilco Europe

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	657	7,322	354	(1,799,365)	5,309,637	3,518,605
Comprehensive Income for the year						
Loss for the year	-	-	-	-	(555,218)	(555,218)
Currency translation differences	-	-	-	43,939	-	43,939
At 31 December 2019	657	7,322	354	(1,755,426)	4,754,419	3,007,326

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2018	657	7,322	354	(1,831,515)	4,134,131	2,310,949
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,175,506	1,175,506
Currency translation differences	-	-	-	32,150	-	32,150
At 31 December 2018	657	7,322	354	(1,799,365)	5,309,637	3,518,605

The notes on pages 20 to 38 form part of these financial statements.

Hilco Europe

Company Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	657	7,322	354	773,790	782,123
Comprehensive income for the year					
Loss for the year	-	-	-	(131,696)	(131,696)
At 31 December 2019	657	7,322	354	642,094	650,427

Company Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	657	7,322	354	751,236	759,569
Comprehensive income for the year					
Profit for the year	-	-	-	22,554	22,554
At 31 December 2018	657	7,322	354	773,790	782,123

The notes on pages 20 to 38 form part of these financial statements.

Hilco Europe

Consolidated Statement of Cash Flows For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(555,218)	1,175,506
Adjustments for:		
Amortisation of intangible assets	1,357,191	1,330,329
Depreciation of tangible assets	248,874	234,130
Loss on disposal of tangible assets	21,557	6,285
Interest paid	1,307,179	1,131,186
Interest receivable	(375,264)	(239,278)
Taxation charge	206,434	797,136
Increase in stocks	(644,096)	(1,434,500)
Increase in debtors	(2,285,229)	(2,373,013)
Increase in creditors	2,459,288	1,024,138
Corporation tax paid	(1,160,476)	(1,851,870)
Net cash generated from/(used in) operating activities	580,240	(199,951)
Cash flows used in investing activities		
Purchase of tangible fixed assets	(219,345)	(327,012)
Interest received	12,915	24,017
Net cash generated used in investing activities	(206,430)	(302,995)
Cash flows used in financing activities		
Interest paid	(1,209,846)	(1,131,186)
Net cash used in financing activities	(1,209,846)	(1,131,186)
Net decrease in cash and cash equivalents	(836,036)	(1,634,132)
Cash and cash equivalents at beginning of year	(1,026,043)	627,478
Foreign exchange gains and losses	97,094	(19,389)
Cash and cash equivalents at the end of year	(1,764,985)	(1,026,043)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	412,501	737,745
Bank overdrafts	(2,177,486)	(1,763,788)
	(1,764,985)	(1,026,043)

The notes on pages 20 to 38 form part of these financial statements.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Hilco Europe is a private unlimited company having share capital incorporated in England & Wales under the Companies Act 2006. The address of the registered office can be found on the Company Information Page. The nature of the Group's operations and its principal activities can be found in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

Detailed Going Concern and impact of COVID 19 analysis is included within the Strategic report and the Directors report. The directors have also considered within their assessment of Going Concern that The Hilsinger Company Parent LLC has provided a Letter of Support to provide comfort that Hilco Europe will be able to meet all external liabilities as they fall due, and have therefore prepared the financial statements on a going concern basis.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. This is considered to be on despatch of goods at which time the risks and rewards of ownership have transferred to the customer. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Foreign currency translation

The Company's functional and presentational currency is GBP and amounts presented are rounded to the nearest pound.

Foreign currency transactions of Hilco Europe are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at a rate approximating to the average rate over the period. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life. The amortisation charged is shown with administrative expenses. The useful economic life of goodwill has been estimated at 10 years as this is considered to be in line with the life cycle of the business which was acquired.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Customer list	-	15	years

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to comprehensive during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- In accordance with the lease
Plant, machinery and office equipment	- 3-15 years
Fixtures and fittings	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in comprehensive income.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Financial instruments

The Group previously only entered into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

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 income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in comprehensive income.

At each reporting date goodwill and other intangible assets are assessed for potential impairment. Where indicators of potential impairment are present a review is undertaken of forecasted future cash flows to assess whether impairment is required. Any impairment loss is recognised immediately in comprehensive income.

The Group has net current liabilities arising as a result of a loan from a fellow group company which is technically payable on demand and has therefore been presented as due within one year. Management are satisfied that the Group has provided the support required to be able to meet all external liabilities as they fall due and have therefore prepared the financial statements on a going concern basis.

4. Turnover

All turnover relates to the principal activity of the Group.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	4,749,454	5,223,050
Rest of Europe	36,060,264	34,343,777
Rest of the world	1,298,328	1,485,219
	<u>42,108,046</u>	<u>41,052,046</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	248,874	234,130
Amortisation of intangible assets	1,357,191	1,330,329
Fees payable to the Group's auditor for the audit of the Company financial statements	30,000	30,000
Exchange differences	176,025	(242,485)
Operating lease rentals	987,859	1,329,968
Loss on disposal of fixed assets	<u>21,557</u>	<u>6,285</u>

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

6. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	6,576,606	6,246,692	684,456	750,622
Social security costs	1,115,014	994,172	57,542	58,111
	<u>7,691,620</u>	<u>7,240,864</u>	<u>741,998</u>	<u>808,733</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Administration	26	26	6	3
Sales	91	85	8	7
Warehouse	45	50	10	20
	<u>162</u>	<u>161</u>	<u>24</u>	<u>30</u>

The Directors did not receive any remuneration in the year (2018 - £Nil).

7. Interest receivable and other finance income

	2019 £	2018 £
Gain on foreign exchange contracts	362,349	215,261
Other interest receivable	12,915	24,017
	<u>375,264</u>	<u>239,278</u>

8. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	53,573	13,294
Loans from group undertakings	1,253,606	1,117,892
	<u>1,307,179</u>	<u>1,131,186</u>

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Taxation

Group

	2019 £	2018 £
Corporation tax		
Current tax on (loss)/profit for the year	-	10,289
Foreign tax		
Foreign tax on income for the year	325,649	833,759
Total current tax	<u>325,649</u>	<u>844,048</u>
Deferred tax		
Origination and reversal of timing differences	(120,393)	(46,912)
Adjustments in respect of previous periods	1,178	-
Total deferred tax	<u>(119,215)</u>	<u>(46,912)</u>
Taxation on (loss)/profit	<u>206,434</u>	<u>797,136</u>

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Taxation (continued)

Factors affecting tax charge for the year

In Germany, the Group is subject to both corporate income tax and trade tax. The corporate income tax rate amounts to 15.825% (2018 - 15.825%). The applicable trade tax rate used by the group amounts to 12.81% (2018 - 12.849%).

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). There were no factors which may affect future tax charges.

	2019 £	2018 £
(Loss)/profit before tax	(348,784)	1,972,642
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(66,269)	374,802
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	830	830
Adjustments in respect of previous periods	1,178	-
Differences due to overseas tax rates	2,173	158,865
Amortisation not deductible	241,538	252,763
Deferred tax not recognised	11,310	9,876
Other differences leading to an increase in the tax charge	15,674	-
Total tax charge for the year	206,434	797,136

Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. The deferred tax at 31 December 2019 has been calculated based on these rates.

Under legislation substantively enacted on 17 March 2020, after the reporting date, the UK tax rate will remain to be 19% from 1 April 2020 onwards. As such, this will affect the calculation of future deferred tax charges.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Intangible assets

Group

	Customer list £	Goodwill £	Total £
Cost			
At 1 January 2019	8,695,624	6,698,364	15,393,988
Foreign exchange movement	(525,169)	(337,009)	(862,178)
At 31 December 2019	8,170,455	6,361,355	14,531,810
Amortisation			
At 1 January 2019	1,722,939	2,345,736	4,068,675
Charge for the year	646,622	710,569	1,357,191
Foreign exchange movement	(118,312)	(155,352)	(273,664)
At 31 December 2019	2,251,249	2,900,953	5,152,202
Net book value			
At 31 December 2019	5,919,206	3,460,402	9,379,608
At 31 December 2018	6,972,685	4,352,628	11,325,313

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Tangible fixed assets

Group

	Long leasehold £	Plant, machinery and office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2019	73,859	2,043,523	12,134	2,129,516
Additions	-	219,345	-	219,345
Disposals	(8,769)	(91,539)	(12,134)	(112,442)
Exchange adjustments	(3,201)	(133,032)	-	(136,233)
At 31 December 2019	<u>61,889</u>	<u>2,038,297</u>	<u>-</u>	<u>2,100,186</u>
Depreciation				
At 1 January 2019	43,478	1,088,637	12,134	1,144,249
Charge for the year	3,973	244,901	-	248,874
Disposals	(8,769)	(69,982)	(12,134)	(90,885)
Exchange adjustments	(2,480)	(83,640)	-	(86,120)
At 31 December 2019	<u>36,202</u>	<u>1,179,916</u>	<u>-</u>	<u>1,216,118</u>
Net book value				
At 31 December 2019	<u>25,687</u>	<u>858,381</u>	<u>-</u>	<u>884,068</u>
At 31 December 2018	<u>30,381</u>	<u>954,886</u>	<u>-</u>	<u>985,267</u>

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Tangible fixed assets (continued)

Company

	Long leasehold £	Plant, machinery and office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2019	61,449	402,174	12,134	475,757
Additions	-	30,613	-	30,613
Disposals	(8,769)	(50,211)	(12,134)	(71,114)
At 31 December 2019	52,680	382,576	-	435,256
Depreciation				
At 1 January 2019	40,398	369,547	12,134	422,079
Charge for the year	2,580	17,269	-	19,849
Disposals	(8,769)	(50,211)	(12,134)	(71,114)
At 31 December 2019	34,209	336,605	-	370,814
Net book value				
At 31 December 2019	18,471	45,971	-	64,442
At 31 December 2018	21,051	32,627	-	53,678

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2019	38,535
At 31 December 2019	<u>38,535</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Nationwide Frame Repairs Limited	Brunt Acres Road Industrial Estate, Hawes, North Yorkshire, DL8 3UZ	Ordinary	100%
Hilco Germany GMBH	Max-Planck-Straße 30, 61184 Karben, Germany	Ordinary	100%
Hilco Netherland BV	Molenwieck 3a, 9351 ND Leek, Netherlands	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Breitfeld & Schliekert GmbH	Max-Planck-Straße 30, 61184 Karben, Germany	Ordinary	100%
Lexxoo International GmbH	Fürther Straße 212A, 90429 Nürnberg, Germany	Ordinary	100%
Optiplus BV	Molenwieck 3a, 9351 ND Leek, Netherlands	Ordinary	100%
Proteye Veiligheidsbrillen BV	Burggang 26, 4331 AD Middelburg, Netherlands	Ordinary	100%

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Finished goods and goods for resale	<u>10,092,405</u>	<u>9,983,939</u>	<u>804,325</u>	<u>814,061</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £119,826 (2018 - £52,452) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

14. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	6,169,071	5,446,783	598,491	682,334
Amounts owed by group undertakings	5,057,864	2,652,660	1,911,564	1,360,144
Other debtors	635,489	551,912	1,673	4,847
Prepayments and accrued income	334,504	698,436	37,322	41,485
Corporation tax repayable	523,463	-	-	-
Deferred taxation	-	-	14,119	-
Forward currency contracts	-	177,163	-	26,369
	<u>12,720,391</u>	<u>9,526,954</u>	<u>2,563,169</u>	<u>2,115,179</u>

The impairment loss recognised in the Consolidated Statement of Comprehensive Income for the year in respect of bad and doubtful trade debtors was £8,275 (2018 - £Nil).

Amounts owed by group undertakings are interest free and repayable on demand.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	2,177,486	1,763,788	-	-
Trade creditors	5,042,064	4,489,999	17,465	38,134
Amounts owed to group undertakings	18,832,318	19,090,523	2,626,381	2,024,611
Corporation tax	-	458,681	-	-
Other taxation and social security	74,579	54,982	53,637	54,982
Obligations under finance lease and hire purchase contracts	32,490	-	-	-
Other creditors	104,622	57,287	36,768	32,791
Accruals and deferred income	3,005,649	1,743,791	224,826	330,370
Forward currency contracts	27,694	-	27,694	-
	<u>29,296,902</u>	<u>27,659,051</u>	<u>2,986,771</u>	<u>2,480,888</u>

Amounts owed to group undertakings includes an amount of £17,560,730 (2018 - £19,068,994) due to The Hilsinger Company Inc. This balance has no fixed repayment date but is technically due on demand. Interest is charged at 6%.

Other amounts owed to group undertakings are interest free and repayable on demand.

The overdraft balance is secured against Inventory with a value of £9,311,852.

Obligations under finance lease and hire purchase contracts are secured over the assets to which they relate.

16. Financial instruments

	Group 2019 £	Group 2018 £
Financial (liabilities)/assets		
Financial (liabilities)/assets measured at fair value through profit or loss	<u>(27,694)</u>	<u>177,163</u>

Financial (liabilities)/assets measured at fair value through profit or loss comprise derivative financial instruments in the form of foreign exchange contracts.

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Notes to the Financial Statements For the Year Ended 31 December 2019

17. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	(1,215,902)	(1,262,814)
Credited to profit or loss	119,215	46,912
At end of year	(1,096,687)	(1,215,902)

Company

	2019 £	2018 £
At beginning of year	(276)	9,911
Charged to profit or loss	14,395	(10,187)
At end of year	14,119	(276)

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(4,379)	-	(4,379)	-
Other short term differences	18,498	(276)	18,498	(276)
Deferred tax arising on acquisition of subsidiaries	(1,110,806)	(1,215,626)	-	-
	(1,096,687)	(1,215,902)	14,119	(276)

18. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
657 (2018 - 657) Ordinary shares of £1.00 each	657	657

The shares have attached to them full voting, dividend and capital distribution rights.

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19. Reserves

The Group's and Company's capital and reserves are as follows:

Called up share capital

Called up share capital reserve represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

Statutory reserve that a company must create when it buys back shares, and which it cannot pay to shareholders as dividends.

Foreign exchange reserve

Reserve created as a result of differences which arise on retranslating the financial information of subsidiary accounts prepared in a foreign currency.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

20. Pension commitments

The Group operates a defined benefit pension scheme for the benefit of a former shareholder of Breitfeld & Schliekert GmbH. An actuarial valuation was performed as at 31 December 2019 which resulted in a liability of £88,058 (2018 - £165,660). The movement since acquisition has been recognised within the Consolidated Statement of Comprehensive Income. The provision has been calculated based on an assumption that the sole beneficiary will draw this pension for 15 years, discounted using the Deutsche Bundesbank official rate of 4.01%.

21. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	1,503,507	1,120,972	66,481	73,472
Later than 1 year and not later than 5 years	2,968,804	1,803,632	188,528	43,636
Later than 5 years	2,088,073	1,194,348	135,680	-
	<u>6,560,384</u>	<u>4,118,952</u>	<u>390,689</u>	<u>117,108</u>

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Notes to the Financial Statements For the Year Ended 31 December 2019

22. Analysis of net debt

	At 1 January 2019 £	Cash flows £	Foreign exchange movements £	New finance leases £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	737,745	(316,490)	(8,754)	-	-	412,501
Bank overdrafts	(1,763,788)	(519,547)	105,849	-	-	(2,177,486)
Finance leases	-	-	-	(32,490)	-	(32,490)
Forward currency contracts	177,163	-	-	-	(204,857)	(27,694)
	<u>(848,880)</u>	<u>(836,037)</u>	<u>97,095</u>	<u>(32,490)</u>	<u>(204,857)</u>	<u>(1,825,169)</u>

23. Related party transactions

The Company has taken advantage of the exemption in FRS 102 to disclose transactions entered into with wholly owned subsidiary undertakings.

24. Post balance sheet events

The following post balance sheet events have been noted by the Directors:

1. Firstly, the Covid-19 pandemic, which has been explained more fully in the Strategic Report; and
2. Hilco Germany GmbH's acquisition of 'I need you GmbH', on 1 November 2020.

25. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hilsinger LLC, which is incorporated in the United States of America.

BP HH Holdings LLC (incorporated in Delaware, USA) is regarded by the Directors as being the Company's ultimate parent company and represents the largest group in which the results of the Company are consolidated.