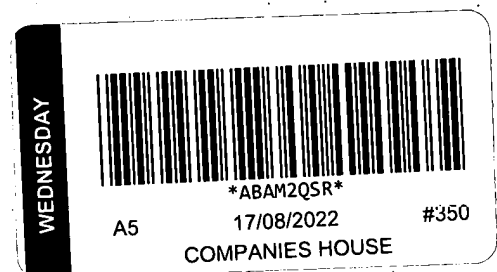


Registered number: 01670484

**Rolf C. Hagen (U.K.) Limited**

**Annual report and financial statements  
for the year ended 31 December 2021**



## **Rolf C. Hagen (U.K.) Limited**

### **Company information**

<b>Directors</b>	A N Burgess R H Hagen T Hagen P J Parkinson
<b>Company secretary</b>	T Hagen
<b>Registered number</b>	01670484
<b>Registered office</b>	Rolf C. Hagen (U.K.) Limited California Drive Whitwood Industrial Estate Castleford West Yorkshire WF10 5QH
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Central Square 29 Wellington St Leeds LS1 4DL

## **Rolf C. Hagen (U.K.) Limited**

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## **Rolf C. Hagen (U.K.) 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.

#### **Business review, principal activities and future developments**

The principal activity of the company continued to be that of the import, national distribution and export of pet products. The company's turnover increased in 2021, a year in which we grew with a buoyant market despite the difficult economic and societal conditions that came with the COVID-19 pandemic.

The company maintained its proven sales and marketing programmes which continued to deliver growth in key market segments and product groups and was able to respond effectively to demand patterns in the industry as the country entered three separate lockdowns.

The company continued to be prudent in terms of cost control, gross margin delivery, bad debt recovery and inventory levels. From March 2020 we took measures to protect the long-term future of the business in case of prolonged lockdown and economic slowdown in the UK. These measures were lifted quickly as it became clear that consumer demand for our products was strong and growing.

#### **Principal risks and uncertainties**

The main risks and uncertainties facing the company relate to the prolonged impact of COVID-19 pandemic and associated restrictions. Ocean freight increases that began in Q4 2020 accelerated during 2021 to record levels. This, combined with volatile currency fluctuations and constant supplier increases brought pressure and margins, forcing further local price increases which start to threaten consumer uptake.

The supply chain remains under pressure. COVID-19 has impacted staffing levels at the supplier level. This, combined with a shortage of ocean and road going freight, has meant that supply has been difficult and at times intermittent. Availability improved toward the year end but was below historical levels through the trading year.

## **Rolf C. Hagen (U.K.) Limited**

### **Strategic report (continued) for the year ended 31 December 2021**

#### **Key performance indicators ("KPIs")**

The directors monitor the business closely, especially in relation to our turnover, trading margin and net profit. In 2021 sales ended at £27,423,070 (+14.56% versus 2020) with a trading margin of 33.9% (2020: 36.4%) and a net profit after tax of £1,127,974 (2020: £1,775,625).

Despite the economic and social instability experienced globally during the extended COVID-19 pandemic, 2020 was an exceptional year for the pet industry. We had unprecedented demand for our products that was subject to change at very short notice as buying and stock availability levels fluctuated rapidly. We also benefited significantly from a societal shift to increased pet ownership and a lack of competition for discretionary spend due to the suspension of holidays and social activities. Sales and operating profit levels remain at a very high level in 2021 compared to all years prior to the pandemic, but there was no repeat of the 2020 record figures helped by the surge in early lockdown expenditure on pet accessories.

Key operational areas, Warehousing and Transport, Inventory Management and Receivables are all monitored with individual KPIs which are reviewed on a monthly basis by the directors. The Sales Department works towards a detailed sales plan as agreed and monitored by the directors. A weekly Heads of Department Meeting is chaired by the directors where all KPIs are reviewed and discussed as a team.

Considering the external macro-economic factors we have monitored our incoming goods cost in more detail. The same increased focus has also been added to freight and currency.

Alongside our company and Department KPIs the company follows a detailed Strategic Plan which is reviewed on a quarterly basis by the Management team under the supervision of the directors.

	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Turnover	<b>27,423</b>	23,938	14.56
Operating profit	<b>1,503</b>	2,240	(32.90)
Profit for the financial year	<b>1,128</b>	1,776	(36.49)
Total shareholders' funds	<b>9,545</b>	8,755	9.02

## **Rolf C. Hagen (U.K.) Limited**

### **Strategic report (continued) for the year ended 31 December 2021**

#### **Financial risk management**

The company's principal financial instruments, other than forward exchange contracts, comprise bank balances, trade debtors, trade creditors and accruals. The main purpose of the instruments is to raise funds to finance the company's continuing operations. From time to time the company enters into forward exchange contracts for the purpose of managing the currency risks arising from operations.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors and accruals liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

In respect of the bank balances there is a low liquidity risk due to the level of the balances. The interest rate is 1.5% above LIBOR further reducing liquidity and interest rate risk. LIBOR pegging has transitioned to risk free rates in 2021. The company makes use of deposit accounts where applicable.

This report was approved by the board of directors on **11th August** 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A N Burgess', written over a horizontal line.

**A N Burgess  
Director**

## **Rolf C. Hagen (U.K.) Limited**

### **Directors' report for the year ended 31 December 2021**

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

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,127,974 (2020: £1,775,625).

During the year a dividend of £338,400 (2020: £176,400) was paid (note 21). The directors did not recommend a final dividend.

#### **Financial risk management and future developments**

The financial risk management and future developments disclosures can be found in the Strategic report on pages 1 to 3.

#### **Directors**

The directors who held office during the year and up to the date of signing of the financial statements are given below:

A N Burgess

R H Hagen

T Hagen

P J Parkinson (resigned 29 April 2022)(re-appointed 1 August 2022)

#### **Qualifying third party indemnity provisions**

A qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained throughout the year and also at the date of approval of the financial statements.

## **Rolf C. Hagen (U.K.) Limited**

### **Directors' report (continued) for the year ended 31 December 2021**

#### **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 regulations.

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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 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 United Kingdom Accounting Standards comprising FRS 102 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Statement of disclosure of information to 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 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's auditors are aware of that information.

#### **Independent auditors**

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

This report was approved by the board of directors on 11TH August. 2022 and signed on its behalf by:



**A N Burgess**  
Director



## **Rolf C. Hagen (U.K.) Limited**

### **Independent auditors' report to the members of Rolf C. Hagen (U.K.) Limited**

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

##### **Opinion**

In our opinion, Rolf C. Hagen (U.K.) 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 balance sheet as at 31 December 2021; the profit and loss account 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.

## **Rolf C. Hagen (U.K.) Limited**

### **Independent auditors' report to the members of Rolf C. Hagen (U.K.) Limited (continued)**

#### **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.

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.

## **Rolf C. Hagen (U.K.) Limited**

### **Independent auditors' report to the members of Rolf C. Hagen (U.K.) Limited (continued)**

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 manipulation of financial performance through journal entries and management bias through judgements and assumptions in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any entries with unusual account combinations or unusual descriptions including to revenue;
- Obtaining supporting evidence for the significant assumptions and judgements made by management in their significant accounting estimates, in particular, the calculation of the bad debt provision and the stock provision; and
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, 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 members 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.

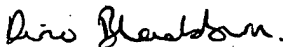
#### **Other required reporting**

##### **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.



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

Date: 11 August 2022

## Rolf C. Hagen (U.K.) Limited

### Profit and loss account for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	5	27,423,070	23,938,407
Cost of sales		(18,130,066)	(15,236,314)
<b>Gross profit</b>		<b>9,293,004</b>	<b>8,702,093</b>
Distribution costs		(3,211,476)	(2,416,788)
Administrative expenses		(4,578,791)	(4,045,084)
<b>Operating profit</b>	6	<b>1,502,737</b>	<b>2,240,221</b>
Interest receivable and similar income	9	608	5,494
Interest payable and similar expenses	10	(60,635)	(23,287)
<b>Profit before taxation</b>		<b>1,442,710</b>	<b>2,222,428</b>
Tax on profit	11	(314,736)	(446,803)
<b>Profit for the financial year</b>		<b>1,127,974</b>	<b>1,775,625</b>

All amounts relate to continuing operations.

There were no other comprehensive income for 2021 or 2020 and therefore no separate statement of comprehensive income has been prepared.

The notes on pages 12 to 27 form part of these financial statements.

**Rolf C. Hagen (U.K.) Limited**

Registered number: 01670484

**Balance sheet  
as at 31 December 2021**

	Note	2021 £	2021 £	Restated* 2020 £	Restated* 2020 £
<b>Fixed assets</b>					
Tangible assets	12		1,870,175		1,944,947
<b>Current assets</b>					
Stocks	13	10,569,113		5,246,847	
Debtors: amounts falling due within one year	14	3,574,776		4,635,370	
Cash at bank and in hand		2,185		1,678,771	
		<u>14,146,074</u>		<u>11,560,988</u>	
Creditors: amounts falling due within one year	15	(6,351,921)		(4,595,726)	
<b>Net current assets</b>			<u>7,794,153</u>		<u>6,965,262</u>
<b>Total assets less current liabilities</b>			<u>9,664,328</u>		<u>8,910,209</u>
Creditors: amounts falling due after more than one year	16				(60,997)
Deferred tax	18		(119,760)		(94,218)
<b>Net assets</b>			<u><u>9,544,568</u></u>		<u><u>8,754,994</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		100,000		100,000
Retained earnings			<u>9,444,568</u>		<u>8,654,994</u>
<b>Total equity</b>			<u><u>9,544,568</u></u>		<u><u>8,754,994</u></u>

The financial statements on pages 9 to 27 were approved by the Board of directors and signed on its behalf on  
 11th August 2022 by:



**A N Burgess**  
Director

The notes on pages 12 to 27 form part of these financial statements.

\* See note 19 for details of prior year restatement.

## Rolf C. Hagen (U.K.) Limited

### Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £	Retained earnings £	Total equity £
<b>At 1 January 2020</b>	<b>100,000</b>	<b>7,055,769</b>	<b>7,155,769</b>
Profit for the financial year and total comprehensive income	-	1,775,625	1,775,625
Dividends paid (note 21)	-	(176,400)	(176,400)
<b>At 31 December 2020 and 1 January 2021</b>	<b>100,000</b>	<b>8,654,994</b>	<b>8,754,994</b>
Profit for the financial year and total comprehensive income	-	1,127,974	1,127,974
Dividends paid (note 21)	-	(338,400)	(338,400)
<b>At 31 December 2021</b>	<b>100,000</b>	<b>9,444,568</b>	<b>9,544,568</b>

## **Rolf C. Hagen (U.K.) Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **1. General information**

Rolf C. Hagen (U.K.) Limited ("the company") imports, distributes and exports pet supply products.

The company is a private company limited by shares and it is incorporated and domiciled in England in the United Kingdom. The address of its registered office is Rolf C. Hagen (UK) Ltd, California Drive, Whitwood Industrial Estate, Castleford, West Yorkshire, WF10 5QH.

#### **2. Statement of compliance**

The individual financial statements of Rolf C. Hagen (U.K.) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. Summary of significant accounting policies**

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

##### **3.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. The company's operations were affected during [the months of April and May 2020] when a large part of the workforce had to work remotely. There was an increase in the operating activity levels as a result of higher demand for pet products. The directors took necessary steps to align the operations to adhere to the Government guidelines and physical distancing measures.

The directors have considered the uncertainty of the outcome of current events and are confident of the company's ability to continue as a going concern. The directors will continue to monitor the impact of COVID-19 on the activities of the company.

The preparation of these financial statements is in conformity with FRS 102 and requires the use of certain critical accounting 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 assumption and estimates are significant to the financial statements are disclosed in note 4.

##### **3.2 Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

- the requirement to prepare a statement of cash flow;
- certain financial instrument disclosures; and
- the non-disclosure of key management personnel compensation.

The company has taken advantage of these exemptions on the basis that it is a qualifying entity and its ultimate parent company, Rolf C Hagen Inc., includes the company's results in the equivalent disclosures in its own consolidated financial statements.

## **Rolf C. Hagen (U.K.) Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **3. Summary of significant accounting policies (continued)**

##### **3.3 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 company 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 company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss 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, unless otherwise noted below.

Depreciation is provided on the following basis:

Freehold buildings	- 25 years reducing balance
Plant and machinery	- 5 years
Motor vehicles	- 2 - 5 years
Fixtures, fittings and equipment	- 5 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.

##### **3.4 Stocks**

Stocks are valued at the lower of average cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Cost includes all direct costs and an appropriate proportion of freight and duty costs. Net realisable value is based on the estimated selling price less the estimated cost of disposal.



## **Rolf C. Hagen (U.K.) Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **3. Summary of significant accounting policies (continued)**

##### **3.5 Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### **(i) Financial assets**

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash at bank and in hand, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

###### **(ii) Financial liabilities**

Basic financial liabilities, including bank loans and overdrafts, trade and other creditors and amounts owed to group undertakings, are initially recognised at transaction price.

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

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 the profit and loss account in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

###### **(iii) Offsetting**

Financial assets and liabilities are offset, the net amounts presented in the financial statements 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 to liability simultaneously.

## **Rolf C. Hagen (U.K.) Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **3. Summary of significant accounting policies (continued)**

##### **3.6 Pensions**

###### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **3.7 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### **3.8 Turnover**

Turnover comprises the invoiced value of goods supplied by the company, exclusive of Value Added Tax and trade discounts. Turnover is recognised on sale to the customer, which is considered the point of delivery.

## **Rolf C. Hagen (U.K.) Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **3. Summary of significant accounting policies (continued)**

##### **3.9 Leased assets**

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### **(i) Finance leased assets**

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

##### **(ii) Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2013) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

## **Rolf C. Hagen (U.K.) Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **3. Summary of significant accounting policies (continued)**

##### **3.10 Foreign currency**

###### **(i) Functional and presentational currency**

The company's functional and presentational currency is the pound sterling.

###### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using one exchange rate per month which is provided by the bank on the first day of each month.

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 profit and loss account.

##### **3.11 Interest receivable and similar income**

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

##### **3.12 Interest payable and similar expenses**

Interest payable is charged to the profit and loss account 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.

## **Rolf C. Hagen (U.K.) Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **3. Summary of significant accounting policies (continued)**

##### **3.13 Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### **(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

##### **(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

##### **3.14 Dividends**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

##### **3.15 Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

## Rolf C. Hagen (U.K.) Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 4. Critical accounting judgements and estimation uncertainty

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 directors are conscious that in preparation of these financial statements their judgement has been used in certain areas, namely:

##### (i) Bad debt provision

No general provisions are recognised, specific bad debt provisions are established based on management judgement which is driven by historic knowledge of debtors and experience of collectability of debt.

##### (ii) Stock provision

No general provisions are recognised; specific obsolete stock provisions are established at a product level based on management judgement which is driven by knowledge of market trends, demand planning and any relevant excess stock holdings.

##### (iii) Useful life of fixed assets

Depreciation of the main material asset, the building, which is depreciated using a 4% reducing balance with a residual value which is estimated based on the lowest amount recoverable in the event of selling the building at the end of its useful economic life.

Every care has however been taken to ensure that that these judgements have been used conservatively and carefully backed up by their knowledge of the debtors, stock and assets.

#### 5. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	26,350,492	22,896,840
Rest of Europe	1,072,267	1,006,812
Rest of the World	311	34,755
	<u>27,423,070</u>	<u>23,938,407</u>

## Rolf C. Hagen (U.K.) Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible assets - owned by the company	208,710	185,745
Gain on disposal of assets	1,990	-
Auditors' remuneration - audit of the financial statements	35,000	32,000
Auditors' remuneration - tax and accounting compliance services	12,600	11,650
Operating lease rentals	49,554	107,466

#### 7. Employees

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

	2021 £	2020 £
Wages and salaries	2,826,504	2,556,338
Social security costs	285,009	282,460
Other pension costs	200,740	201,250
	3,312,253	3,040,048

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

	2021 No.	2020 No.
Selling and distribution	46	39
Administration	31	33
	77	72

## **Rolf C. Hagen (U.K.) Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **8. Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>327,009</b>	369,505
Company distributions to defined contribution pension schemes	<b>14,629</b>	14,272
	<b><u>341,638</u></b>	<b><u>383,777</u></b>

During the year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £169,238 (2020: £204,599).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,117 (2020: £7,919).

#### **9. Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<b>608</b>	86
Derivative gain - forward contract	-	5,408
	<b><u>608</u></b>	<b><u>5,494</u></b>

#### **10. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>24,895</b>	23,287
Derivative loss - forward contracts	<b>35,740</b>	-
	<b><u>60,635</u></b>	<b><u>23,287</u></b>



## Rolf C. Hagen (U.K.) Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 11. Tax on profit

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	289,802	444,668
Adjustments in respect of prior periods	(608)	(17,182)
<b>Total current tax</b>	<b>289,194</b>	<b>427,486</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,824)	(10,036)
Changes to tax rates	28,743	10,974
Adjustment to tax charge in respect of previous periods	623	18,379
<b>Total deferred tax</b>	<b>25,542</b>	<b>19,317</b>
<b>Tax on profit</b>	<b>314,736</b>	<b>446,803</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	1,442,711	2,222,428
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	274,115	422,261
<b>Effects of:</b>		
Expenses not deductible for tax purposes	11,862	12,371
Adjustments to tax charge in respect of prior periods	15	1,197
Changes to tax rates	28,744	10,974
<b>Total tax charge for the year</b>	<b>314,736</b>	<b>446,803</b>

#### Factors that may affect future tax charges

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase in the corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax balances have been remeasured accordingly where appropriate.

## Rolf C. Hagen (U.K.) Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 12. Tangible assets

	Freehold buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>					
At 1 January 2021	2,415,177	18,278	158,551	578,339	3,170,345
Additions	8,483	-	41,490	83,965	133,938
Disposals	-	-	(31,990)	(45,668)	(77,658)
At 31 December 2021	<u>2,423,660</u>	<u>18,278</u>	<u>168,051</u>	<u>616,636</u>	<u>3,226,625</u>
<b>Accumulated depreciation</b>					
At 1 January 2021	881,078	3,207	76,276	264,837	1,225,398
Charge for the year	47,303	3,660	47,168	110,579	208,710
Disposals	-	-	(31,990)	(45,668)	(77,658)
At 31 December 2021	<u>928,381</u>	<u>6,867</u>	<u>91,454</u>	<u>329,748</u>	<u>1,356,450</u>
<b>Net book value</b>					
At 31 December 2021	<u>1,495,279</u>	<u>11,411</u>	<u>76,597</u>	<u>286,888</u>	<u>1,870,175</u>
At 31 December 2020	<u>1,534,099</u>	<u>15,071</u>	<u>82,275</u>	<u>313,502</u>	<u>1,944,947</u>

## Rolf C. Hagen (U.K.) Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 13. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>10,569,113</u>	<u>5,246,847</u>

There is no significant difference between the replacement cost of stocks and their carrying value.

Stocks are stated after provisions for impairment of £107,149 (2020: £93,845).

The cost of inventories recognised as an expense amounted to £18,421,126 (2020: £14,875,488).

#### 14. Debtors: amounts falling due within one year

	2021 £	Restated* 2020 £
Trade debtors	3,120,720	4,055,340
Amounts owed by group undertakings	-	50,585
Other debtors	280,564	131,258
Derivative financial instruments	3,335	39,075
Prepayments and accrued income	170,157	359,112
	<u>3,574,776</u>	<u>4,635,370</u>

Trade debtors are stated after provision for impairment of £15,176 (2020: £40,380).

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

The derivative financial instruments are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the forward currency contracts are the forward exchange rates for GBP:EUR (2020: GBP:EUR).

\* See note 19 for details of prior year restatement.

## Rolf C. Hagen (U.K.) Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 15. Creditors: amounts falling due within one year

	2021 £	Restated* 2020 £
Bank loans and overdrafts	2,170,515	1,075,898
Trade creditors	2,315,970	1,208,635
Corporation tax	97,279	332,334
Other taxation and social security	328,644	188,966
Other creditors	24,692	40,759
Accruals and deferred income	1,414,821	1,749,134
	<u>6,351,921</u>	<u>4,595,726</u>

Bank loans and overdrafts comprise of:

- A bank loan of £61,637 (\$83,272) (2020: £244,143 (\$333,280)) which bears interest at 1.5% above US LIBOR, is secured against freehold property and a fixed floating debenture, with a full maturity date of April 2022.

- Interest on bank overdrafts is charged at Bank of England base rate plus 1.5%, plus an additional 1% annual facility fee. The overdraft limit is £3,000,000.

- Bank overdrafts are secured by debenture including a fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future.

\* See note 19 for details of prior year restatement.

#### 16. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans and overdrafts	-	60,997

#### 17. Loans and other borrowings

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within 1 year</b>		
Bank loans and overdrafts	<u>2,170,515</u>	<u>1,075,898</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans and overdrafts	<u>-</u>	<u>60,997</u>

## Rolf C. Hagen (U.K.) Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 18. Deferred tax

	2021 £	2020 £
At 1 January	(94,218)	(74,901)
Charged to the profit and loss account	(25,542)	(19,317)
<b>At 31 December</b>	<b>(119,760)</b>	<b>(94,218)</b>

The provision for deferred tax is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(119,656)	(94,114)
Short term timing differences	(104)	(104)
	<b>(119,760)</b>	<b>(94,218)</b>

#### 19. Prior year restatement

During the year the directors identified an error in the classification of certain payments in advance for goods in transit at the balance sheet date. The error was due to the liability for the goods being recorded in accruals and deferred income and amounts owed to group undertakings with the payments in advance being recorded in trade creditors. As a result of the payments in advance certain trade creditor balances were in a debit position and were subsequently classified as prepayments. The liability for the goods in transit should have been recorded in trade creditors. This has been corrected in the current year and the comparative numbers have been restated, refer to the table below for details.

Balance Sheet	As reported 31 December 2020 £	Correction £	Restated 31 December 2020 £
Prepayments and accrued income	1,449,152	(1,090,040)	359,112
Trade creditors	1,036,497	172,138	1,208,635
Amounts owed to group undertakings	86,069	(86,069)	-
Accruals and deferred income	2,925,243	(1,176,109)	1,749,134

#### 20. Called up share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
100,000 (2020: 100,000) Ordinary shares of £1 each	<b>100,000</b>	<b>100,000</b>

## Rolf C. Hagen (U.K.) Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 21. Dividends

	2021 £	2020 £
<b>Ordinary</b>		
Final 2020 (2020: final 2019) paid	<u>338,400</u>	<u>176,400</u>

The dividend paid during 2021 of £338,400 (2020: £176,400) was the final dividend paid for the year ended 31 December 2020.

No final dividend has been proposed for the year ended 31 December 2021 (2020: £Nil).

#### 22. Pension commitments

The pension cost charge for the year in respect of the defined contribution pension scheme represents contributions payable to the scheme by the company of £200,740 (2020: £201,250).

There were no outstanding pension contributions payable to the scheme at the end of the year (2020: £Nil).

#### 23. Commitments under operating leases

At 31 December the company had future minimum lease payments due under non-cancelable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	54,536	94,943
Later than 1 year and not later than 5 years	54,725	82,634
<b>Total</b>	<u>109,261</u>	<u>177,577</u>

#### 24. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Rolf C Hagen Inc., a company incorporated in Canada. The ultimate parent undertaking is Hagensons Investment Inc., a company incorporated in Canada.

Rolf C Hagen Inc. is the parent undertaking of the smallest and largest group to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Rolf C Hagen Inc. are available from 20500 Trans Canada Highway, Baie d'Urfé QC, H9X 0A2, Canada.

The company's ultimate controlling party is Mr R H Hagen, by virtue of his shareholding in the ultimate parent undertaking.