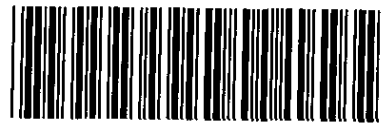


**Nobia Holdings UK Limited**  
Annual Report and Consolidated Accounts  
for the year ended 31 December 2021

Registered Number 04184676

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## Chief Executive's Statement

I start 2022 with the confidence of delivering a successful year. In December 2021 and January 2022, we achieved our best ever Magnet winter sale. This was a stark contrast to the December 2020 and January 2021 sale, when the pandemic forced closure of our Magnet stores until 12th April 2021.

Throughout 2021 we very much focussed on three core aspects: mitigating impacts, reinvigoration and setting ourselves up for success.

### Mitigating impacts

As a service focussed business, we are dependent upon enthusiastic and committed colleagues. During the second year of the pandemic our colleagues once again demonstrated incredible commitment, determination and resilience. I want to personally thank them for their ability to adapt to the various challenges that have occurred and changing their working arrangements as needed.

As with many United Kingdom (UK) businesses we remain heavily impacted by price inflation and raw material availability. This impacted the entire value chain and we had to implement selling price changes in response to this. This momentum looks set to continue into 2022 with inflation remaining above 5% and unprecedented energy price hikes. As always, we continue to work with our valued suppliers to minimise the impact of inflationary pressure and cost increases to our customers.

### Reinvigoration

We made plenty of progress on our strategic agenda during 2021. We have been successful in upgrading our product portfolio with new product introductions having a strong focus on design and sustainability. We have invested in our brands and websites and have improved product availability. For Magnet our brand reinvigoration has delivered clarity and aspirational direction across our business and to stakeholders. Our new brand identity and position showcases to our retail, trade and projects customers what we stand for as brand. This ethos will continue to guide our brand and marketing investment in 2022.

### Setting ourselves up for success

We refocused our business during 2021, bringing in a strong new executive team. With an experienced and expanded team, we can already see the positive impact on our strategy itself and results.

With clear plans and deliverables in place our strategic change will accelerate during 2022 and beyond, with our parent company Nobia AB signing off our ambitious investment plans in their January 2022 board meeting.

I would like to thank all our colleagues, suppliers, partners, and customers for their continued support.



**Dan Carr**  
*Chief Executive*  
04 April 2022

## Strategic report

for the year ended 31 December 2021

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

### Principal activities

The principal activities of the Group are the manufacture and distribution of high quality self-assembly and rigid kitchens and the manufacture, merchandising and retailing of kitchens, joinery, and related products under a number of brands including Magnet.

### Business Review

#### Performance

The results for the year are set out on page 17. The Group's loss for the financial year was £9.6m (2020: Loss £25.9m). Turnover was 6% higher than the previous year.

In common with the rest of the UK kitchen market, the COVID-19 global pandemic continued to impact on trading and profitability during 2021. Magnet stores were closed under the third national lockdown until 12th April 2021 and delays on site for the Commodore and CIE premium project businesses continued. Sales of kitchens into social housing started to return towards the end of the year. The Group continued to utilise the government furlough scheme for a small number of colleagues until September 2021 and to claim business rates relief for retail stores. Elevated macroeconomic uncertainty continued to affect markets, particularly in the project sector. Competition in the market remained fierce. However, there is still a great need for new housing in the UK and sales to local builders via Magnet Trade and builders' merchants via Gower Furniture are generally more resistant to economic declines than sales to consumers.

Magnet was awarded the Which? Best Buy award in April 2021 for both pre-built and flat pack kitchen units for the third year running. We strengthened its online offering launching the 'My Project' solution allowing retail customers to track the progress of their new kitchen order via a web site. The Magnet retail website was relaunched towards the end of the year to capitalise on its design credentials with the 'Better by Design' branding.

Magnet trade sales have been strengthened by adapting stores to better meet the needs of our builders while improving loyalty programmes and strengthening the organisation with local business development resources. This continues to be a successful strategy, with significant increases in sales and a strengthened market position, which is an excellent foundation for continued success.

The merger of the Rixonway and Magnet project sales divisions completed at the end of quarter one 2021, launching Magnet Projects. This capitalises on the knowledge and expertise within project sales and gives our customers the option of sourcing new build kitchen solutions via Magnet stores or a wholesale direct delivered route.

The Gower Furniture business continues to be robust, with a strong offer to our key customers.

Despite the loss for the year of £9.6m the balance sheet as at 31 December 2021 demonstrates that the financial position of the Group remains strong with net assets of £144.4m (2020: £134.9m). This includes a £19.3m reduction in the defined benefit pension liability, net of deferred tax, increasing net assets.

#### Measurement

The Group uses a number of financial and non-financial Key Performance Indicators (KPIs) to measure performance, and these are reported both at board level and to employees at briefing sessions. These KPIs include production plan achievement, delivery performance, manufacturing achievement, customer satisfaction, employee engagement and a number of health and safety and employee related KPIs. The board considers that the Group has a very effective measurement and reporting system, consistent with its size and complexity.

## Strategic report (continued)

for the year ended 31 December 2021

### Business review (continued)

#### Measurement (continued)

Nobia UK are certified to ISO 14001, 45001, and 50001. Health & Safety achievements in 2021 included a President's Award, a Gold Medal Award and two Gold Awards from RoSPA, and six International Safety Awards from the British Safety Council (three with distinction). Nobia UK also won a prestigious Sword of Honour from the British Safety Council in 2021. Four of the six Supply Chain Sites achieved 12 months without a lost time accident, and a UK record of six years without a lost time accident was achieved by the Leeds 27 Warehouse in Morley.

#### Key Performance Indicators

As far as financial performance is concerned the key measurements used by the Group are shown below:

Turnover	2021: £417.4m	2020: £394.1m
Gross profit margin	2021: 39.2%	2020: 32.9%
(Loss) / profit before tax	2021: £(9.9)m	2020: £(30.3)m
Net assets	2021: £144.4m	2020: £134.9m
Cash at bank and in hand	2021: £1.1m	2020: £21.4m
Average No. of employees	2021: 2,623	2020: 2,784

#### Principal risks and uncertainties

The directors have carefully considered the principal risks and uncertainties facing the business. The Group operates in a competitive marketplace where continuing growth is dependent on maintaining existing customer relationships and developing new business by offering high quality products and services. The key to success is to leverage the Group's position through the premium which its service offering demands. Competition within the markets is a continuing risk to the Group, which could result in it losing sales to its key competitors. The Group mitigates this risk by providing value added services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

The risk of inflationary pressure in the supply chain continues and has increased, with raw material and transport costs impacting on product costs. This risk is mitigated by working with strategic suppliers and passing on price increases to customers where necessary.

The directors continue to monitor market trends and customer requirements whilst remaining flexible in matching capacity and production costs to actual demand.

The directors continued to operate in line with all government guidelines around the COVID-19 pandemic while taking advantage of the financial support measures on offer. Working practices followed guidance and measures remain in place to safeguard staff and customers.

The Group also has an obligation to pay pension benefits, under a defined benefit pension scheme, to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, asset valuations and returns and the discount rate on corporate bonds.

#### Future developments

The markets in which the Group operates remain highly competitive and the impact of price inflation and labour shortages caused by the UK exit from the EU and the COVID-19 pandemic are still impacting the UK economy. However, the directors are confident that the Group is in a strong position in the market and particularly with significant planned strategic investment it is well placed to prosper in future years.

The directors consider that climate change will have an increasingly important impact on UK business and our customers. In order to play our part, we have implemented a sustainability strategy which encompasses our product development and design as well as our choice of materials and manufacturing processes.

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

**Future developments (continued)**

Nobia is the first European kitchen company to adopt science-based climate targets in accordance with the Science Based Targets initiative, with a group target to reduce scope 1 and scope 2 emissions by 72% from a 2016 baseline. 100% of electrical energy used in UK production facilities and stores is from renewable sources. 99% (by volume) of our wood and wood materials originate from responsible sources, either FSC® (Forest Stewardship Council® FSC-C100100) or PEFC™ (Programme for the Endorsement of Forest Certification™) certified. All UK manufacturing Operations are certified to ISO14001, ISO45001 and ISO 50001.

Although demand did not fully recover in 2021 due to the continued impact of COVID-19, the directors remain confident that with our solid finances, parent company support, and investment plans we can make great progress and gain market share going forward. In addition to the UK group overdraft facility the parent company Nobia AB has in place long term financing through two multicurrency revolving credit facilities, amounting to SEK 5 billion. Nobia AB had undrawn credit facilities amounting to SEK 4.6 billion at year-end and liquid cash and cash equivalents of SEK 422 million. We have a differentiated product range for all important customer segments, and there is still a significant need for housing and new construction in many markets, which favours the demand for kitchens in the medium to long term. Government restrictions have been lifted in quarter one 2022 we expect the positive impact of this to continue further into 2022.

**Post Balance Sheet Events**

COVID-19 restrictions eased in January and were fully lifted by the end of February 2022. This had a positive impact on the Magnet winter sales campaign. Nobia AB signed off the UK investment plans for investment in stores, factories and IT in their January 2022 board meeting.

**Section 172(1) statement**

The Board of Directors, in line with their duties under s172(1) of the Companies Act 2006, act in a way they consider, in good faith, to promote the success of the Group for the benefit of its parent company, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors.

The Group maintains a reputation for high standards in products, services, and compliance. This is evidenced by the awards received in the year referred to in the Business Review.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its management teams consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term. Environmental factors are covered further in the Future Developments section of the Business Review.

Our Group comprises of a number of business units, all of which have extensive engagement with their own unique stakeholders as well as other businesses in the Group. The governance framework delegates authority for local decision-making at business unit level up to defined levels of cost and impact which allows the individual businesses to take account of the needs of their own stakeholders in their decision-making. Nobia UK board meetings are held regularly where business unit Managing Directors communicate views upwards.

The leadership teams of each business unit make decisions with a long term view in mind and with the highest standards of conduct in line with Group policies. In order to fulfil their duties, the Directors of each business unit and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

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

**Section 172(1) statement (continued)**

Details of our key stakeholders and how we engage with them are set out below.

**Colleagues**

Our people are key to our success and we want them to be successful individually and as a team. The Group strives to build a culture of inclusion, integrity and safety, creating a work environment in which both our colleagues and our operations can develop.

We invest to develop organisational and colleague capability for now and the future, identifying and closing skills gaps is a focus. Areas of focus in 2021 have been digital, project management office and strategic leadership.

Colleague surveys are conducted regularly to monitor issues concerning employee commitment, management and team efficiency. The surveys form the basis for creating local action plans. We work closely with our colleagues' work councils to discuss colleagues' concerns and raise issues to the leadership team.

During the COVID-19 pandemic, colleagues were supported both financially by using a combination of the furlough scheme and flexible working and by adapting working practices to minimise the spread of COVID-19. Technological support was given to enable home working and newsletters and updates were issued regularly to keep colleague's informed of actions being taken by the business to safeguard them and their customers. Managers were encouraged to focus on colleagues wellbeing by checking in with their teams and peers regularly and support was provided by the people and culture business partners.

We monitor closely People metrics that inform the board on engagement and retention matters. Each local leadership team also includes a people and culture professional to inform and debate the relevant people issues in the short and medium term.

Discrimination issues are also an important focus area in our Code of Conduct training. Equality and diversity are an integral part of our recruitment process, succession planning and leadership development. We aim to work on creating an inclusive business culture in all parts of our operations, where people can make use of their full potential.

**Customers**

Our ambition is to deliver best-in-class products and service to trade, retail, merchant and project customers. The product design team monitor, develop and test new products to enable new and innovative products to be offered to our customers.

Magnet trade customers are offered trade accounts with credit terms and a generous discount structure. Our in-store colleagues develop relationships with their customers to understand their needs and recommend the best products for their projects.

Magnet retail customers receive a superior service proposition with a dedicated designer involved at all stages of the buying and fitting process to ensure that the customer's needs are fully met. Central customer service also contacts customers post completion to ensure satisfaction and obtain and collate feedback for the board. During the COVID-19 pandemic, safeguarding of customers and colleagues was prioritised with online design appointments and virtual showroom visits being made available to customers.

Gower Furniture's merchant customers receive dedicated relationship managers who ensure that their needs and specifications are fully understood. Product innovations are shared with these important customers and any product changes are managed in a fully collaborative manner. Customer requirements are discussed at monthly board meetings.

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

**Section 172(1) statement** (continued)

**Customers** (continued)

Project customers in Commodore, CIE and Magnet Projects have a dedicated sales team who ensure that the best products are specified for each project. Design, supply and fitting services are closely managed throughout the duration of each project to ensure that the requirements of the contract are met and that any contract amendments are fully understood and serviced. Feedback from these customers is fed back to the management team to allow continuous service improvements to be made.

**Suppliers**

We build good relationships with our suppliers and work to develop transparent and efficient partnerships with them. Centralised sourcing provides Nobia with the opportunity to apply a structured work method in terms of setting requirements and monitoring and developing suppliers' work.

Purchased materials and components are carefully specified and suppliers are risk assessed, inspected and evaluated in accordance with our guidelines on the environment, work environment, human rights, business ethics and quality.

Nobia's Supplier Assessment Program is managed by the Nobia Group Central Supplier Quality Assurance Team. The purpose of the Nobia Supplier Assessment Program is to ensure all Nobia material suppliers meet the requirements of our Customers, Shareholders, Employees, Corporate & Sustainability compliances.

Although Purchasing is a central function, deploying centralised processes, the team is structured and located to support the different needs and requirements of the Nobia Regions (Nordic, UK and Central Europe).

Nobia Supplier Assessment tools are subject to constant review and in line with applicable National and International Legislative and Regulatory updates. To ensure continued compliance, all Nobia material Suppliers are assessed annually. Any Supplier which fails to meet the requirements of Nobia's Supplier Assessment and Audit program will be delisted in the event that they fail to implement appropriate measures within a timely manner.

Nobia UK Supplier Performance KPI's are established, reported, monitored and reviewed on a monthly and annual basis by Group and UK Sourcing and Group Sustainability functions

Nobia UK will always endeavour to work with and develop local suppliers with a high proportion of our factory and raw materials sourced from within the UK.

Nobia UK participate in the Group Corporate Social Responsibility Programme which includes sustainable product development, responsible sourcing, reducing CO<sub>2</sub> emissions, resource efficiency and employee wellbeing.

**Government and regulators**

We engage with the government and regulators through a range of industry consultations, forums and meetings. Key areas of focus are compliance with laws and regulations, health and safety and product safety. Senior management with expertise in each area ensure that the Board is updated on legal and regulatory developments at UK board meetings. The Board takes these updates into account when considering future actions.

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

Approved by the board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'C Smith', followed by a large, stylized flourish or scribble.

**C Smith**  
Director  
08 April 2022

## **Directors' report**

for the year ended 31 December 2021

The directors present their report and the audited financial statements of the group for the year ended 31 December 2021 together with the balance sheet of the company as at that date.

### **Dividends**

The directors do not recommend the payment of a dividend in relation to the year ended 31 December 2021. No dividend was proposed or paid in 2020.

### **Political donations and political expenditure**

The Group made no political donations nor incurred any political expenditure during the year (2020: £nil).

### **Financial risk management**

In the opinion of the directors the most significant financial risks, which might impact the Group, relate to foreign currencies, interest rates, credit granting and liquidity.

#### *Foreign currency risk*

The Group's operations are materially exclusive to the UK. However, an element of the Group's purchases is denominated in Euros and US Dollars.

The Group is party to the Nobia AB group system of hedges, based on forecast transactions, using forward exchange contracts undertaken by Nobia AB. As a result, the Group believes that it has effectively managed its exposure to foreign currency risks to a minimal level as at the balance sheet date.

#### *Interest rate risk*

Interest rate exposure is managed centrally by Nobia AB, meaning that the head office is responsible for identifying and managing interest rate risks. Nobia uses short, fixed interest terms to generate the desired interest profile.

#### *Credit risk*

The Group's customer base comprises professional customers, consumers and retailers. Credit policies are aimed at minimising losses and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure the company's exposure to bad debts is not significant.

Aggregate and individual overdue debts are monitored closely by management to reduce the likelihood of an unmanaged concentration of credit risk.

#### *Liquidity risk*

Liquidity is controlled centrally by Nobia AB with the aim of using available liquidity effectively, at the same time as necessary reserves are available. Daily liquidity is tracked with the help of carefully prepared liquidity forecasts.

### **Directors**

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

P Kane	(resigned 30 <sup>th</sup> June 2020)
A Ahmed	(resigned 31 <sup>st</sup> August 2021)
N J Hardcastle	
D A E Carr	
P D Woolston	
K Ljungfelt	
C Smith	(appointed 1 <sup>st</sup> October 2021)

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

**Qualifying third-party indemnity provisions**

All the Directors benefited from qualifying third-party indemnity provisions in place during the year and at the date of this Directors' report. These provisions also relate to all Directors of subsidiary entities.

**Research and development**

It is the policy of the Group to continually investigate and develop new and improved methods of manufacturing and to evaluate, manufacture and distribute new products complementary to the Group's existing range.

**Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

**Employee engagement statement**

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Improving and investing in employee communication is a focus, with a new dedicated communication team ensuring our communication methods evolve. Activities include the Group's Intranet, digital roadshows, listening groups, notice boards, newsletters, team briefings and sharing of financial information.

**Streamlined energy and carbon reporting (SECR)**

Sustainability is a business-critical area for the Group. We have already reached the target of 100% of production plants running on renewable electricity. Scope 2 emissions are purely from fleet vehicles currently unable to use our group contract.

The Group has commenced a strategy to increase electric fleet cars, targeting >30% by 2025.

A project to replace the heating system at the main production plant with Biomass heating commenced in 2021 and will complete in quarter two 2022.

Further information about the sustainability principles by which the Group operates can be found at [www.Nobia.com](http://www.Nobia.com)

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

**Streamlined energy and carbon reporting (SECR)** *(continued)*

**Energy Consumption:**

			2021	2020
Scope 1	Gas and vehicle fuel	tCO2e	5,466	4,809
Scope 2	Electricity	tCO2e	45	32
Total			5,511	4,841
Turnover			417	394
Total CO2e/£m			13.2	12.3
Total Energy		kWh	50,728,878	48,148,000
% of group emissions generated in the UK			49%	44%
% of group energy consumed in the UK			31%	34%

**Statement of engagement with suppliers, customers and others in a business relationship with the group**

Further information relating to our engagement with suppliers, customers and others in a business relationship with the Group can be found in the Section 172(1) statement contained within the Strategic report.

**Corporate Governance**

Nobia Holdings UK Limited considers the Wates Corporate Governance Principles in setting its standards of corporate governance and considers its standards to be at a high level. Its parent company Nobia AB applies the Swedish Corporate Governance Code to which there were no reported breaches.

The Nobia Group also monitors developments in the area of corporate governance and continuously adapts its corporate governance principles to create value for its owners and other stakeholders. All subsidiary entities are also governed by these principles.

An Audit Committee is in place at a parent company level and holds at least four meetings per year. The Group's results are scrutinised by that committee and the Board of Directors are required to comment on any audit matters.

A Remuneration Committee is in place at a parent company level and is responsible for determining remuneration to senior executives and agreeing variable remuneration schemes.

The UK Board of Directors meet at least quarterly, and the CEO of the UK Group is required to attend Nobia Group Board meetings six times per year. Results are also reported monthly and are scrutinised by both the UK and Nobia Boards.

Strategy, operating practices, and risk management are agreed at group level and policies and internal controls are set to enforce the agreed practices. The Corporate Strategy is cascaded throughout the business by way of briefings, meetings, e-learning and the Group intranet to ensure that all colleagues understand the Group culture and how they contribute to the success of the Group.

Further information about the corporate governance principles by which the Group operates can be found at [www.Nobia.com](http://www.Nobia.com)

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

**Going Concern**

After making enquiries and taking account of the principal risks and uncertainties set out within the Strategic Report, the directors considered that at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. Demand has increased as COVID-19 restrictions lift, and revenue is expected to be generated over the next 12 months from secured and future orders.

The directors have also prepared a cash flow forecast which extends at least 12 months from the date of signing the financial statements. The Group has no external debt other than a UK cash pooling arrangement and group overdraft facility in place with its bank, in which its parent company Nobia AB participates. This will be in place throughout the 12-month forecast period. Based on a 20% downwards revenue scenario the UK Group would still remain comfortably within its overdraft limits, ensuring that Nobia Holdings UK Limited will continue as a going concern. By taking appropriate mitigating actions the Group considers that cash resources would be sufficient to cover its fixed costs for at least 12 months as it has both headroom in its bank facilities and support available from Nobia AB at the point of signing the accounts. The investments referred to in the Chief Executive's report will only be made when financing is received from Nobia AB. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Directors' report (continued)**

for the year ended 31 December 2021

**Directors' confirmations**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

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

**Independent auditors**

The board have determined that they will appoint a new external auditor for financial year 2022. Handover procedures are being prepared with respect to this.

Approved by the board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'C Smith', with a long horizontal stroke extending to the right.

C Smith  
Director  
08 April 2022

## **Independent auditor's report to the members of Nobia Holdings UK Limited**

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

#### **Opinion**

In our opinion the financial statements of Nobia Holdings UK Ltd (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 26.

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).

#### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- consideration of cashflow forecasts for a period of more than 12 months from the date of signing the accounts, including the appropriateness of assumptions used in those forecasts based on historical accuracy and market expectations;
- review of sensitivity of future forecasts to both internal and external factors based on available headroom within the models, including consideration of expected worst-case scenarios and associated stress testing;
- analysis of the impact of COVID-19 to date and expected future impact on the entity, including management's ability to adapt their business model to meet changing market conditions; and
- assessment of available financing options, including consideration of the recoverability of intercompany debt available from the ultimate parent company Nobia A.B.

## **Independent auditor's report to the members of Nobia Holdings UK Limited** (continued)

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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.

## **Independent auditor's report to the members of Nobia Holdings UK Limited (continued)**

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, the Coronavirus Job Retention Scheme, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included GDPR and health and safety regulations.

We discussed among the audit engagement team (including relevant internal specialists such as tax, pensions and IT) regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

### **1. Revenue recognition**

- **Risks:**
  - cut-off of revenue associated with supply and fit or contract sales, which may lead to revenue being recognised in the incorrect accounting period.
- **Procedures:**
  - assess the design and implementation of relevant controls; and
  - review a sample of year end sales to ensure that the revenue was recognised in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Independent auditor's report to the members of Nobia Holdings UK Limited**  
(continued)

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

- adequate accounting records have not been kept 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.

We have nothing to report in respect of these matters.

**Use of our report**

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



Mark Lewis (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, UK

13 April 2022

**Consolidated statement of comprehensive income**  
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	417,350	394,062
Cost of sales		(253,637)	(264,225)
Gross profit		163,713	129,837
Selling and distribution costs		(140,953)	(138,061)
Administrative expenses		(35,444)	(32,049)
Other operating income	6	2,557	9,935
Operating loss	7	(10,127)	(30,338)
Interest receivable and similar income	10	2,683	3,596
Interest payable and similar expenses	10	(2,476)	(3,593)
Net interest income		207	3
Loss before taxation		(9,920)	(30,335)
Tax on loss	11	327	4,476
Loss for the financial year		(9,593)	(25,859)
Other comprehensive income / (expense):			
Remeasurements of net defined benefit obligation	18	23,967	(11,350)
Other comprehensive income / (expense)		28	357
Deferred tax on other comprehensive income / (expense)	11	(4,692)	2,523
Other comprehensive income / (expense) for the year, net of tax		19,303	(8,470)
Total comprehensive income / (expense) for the year		9,710	(34,329)

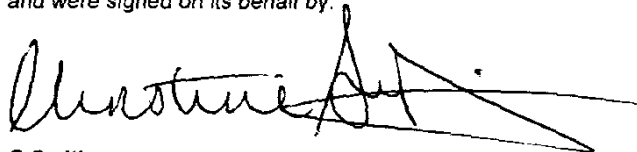
The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**Consolidated balance sheet**  
as at 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	12	37,190	43,625
Tangible assets	13	48,905	51,860
		<b>86,095</b>	<b>95,485</b>
<b>Current assets</b>			
Inventories	15	56,902	59,678
Debtors	16	79,791	92,752
Post-employment benefits	19	2,299	-
Cash at bank and in hand		1,056	21,378
		<b>140,048</b>	<b>173,808</b>
Creditors: amounts falling due within one year	18	(80,124)	(105,249)
<b>Net current assets</b>		<b>59,924</b>	<b>68,559</b>
Total assets less current liabilities		<b>146,019</b>	<b>164,044</b>
Post-employment benefits	19	-	(27,456)
Deferred tax liability	17	(195)	-
Provision for other liabilities	20	(1,431)	(1,730)
<b>Net assets</b>		<b>144,393</b>	<b>134,858</b>
<b>Capital and reserves</b>			
Called-up share capital	21	72,600	72,600
Capital contribution reserve	21	1,089	1,287
Capital redemption reserve	21	32	32
Other reserve	21	21,999	21,999
Retained earnings		48,673	38,940
<b>Total equity</b>		<b>144,393</b>	<b>134,858</b>

The notes on pages 23 to 52 are an integral part of these financial statements.

The financial statements on pages 17 to 20 were authorised for issue by the board of directors on 08 April 2022 and were signed on its behalf by:



**C Smith**  
Director

Company Registration Number: 04184676

## Consolidated statement of changes in equity

	Note	Called up share capital £'000	Capital contribution reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020		72,600	1,145	32	21,999	73,322	169,098
Loss for the year		-	-	-	-	(25,859)	(25,859)
Other comprehensive income for the year		-	-	-	-	(8,470)	(8,470)
Total comprehensive income for the year		-	-	-	-	14,228	14,228
Credit relating to equity-settled share-based payments		-	142	-	-	-	142
Prior year adjustment		-	-	-	-	(53)	(53)
Total transactions with owners, recognised directly in equity		-	142	-	-	(53)	89
Balance as at 31 December 2020 and 1 January 2021		72,600	1,287	32	21,999	38,940	134,858
Loss for the year		-	-	-	-	(9,593)	(9,593)
Other comprehensive income for the year		-	-	-	-	19,303	19,303
Total comprehensive income for the year		-	-	-	-	9,710	9,710
Credit relating to equity-settled share-based payments		-	(175)	-	-	-	(175)
Transfer between reserves		-	(23)	-	-	23	-
Total transactions with owners, recognised directly in equity		-	(198)	-	-	23	(175)
Balance as at 31 December 2021		72,600	1,089	32	21,999	48,673	144,393

## Consolidated statement of cash flows

	Note	2021 £'000	2020 £'000
Net cash from operating activities	22	(17,576)	30,375
Taxation refunded / (paid)		3,015	233
Net cash generated from operating activities		(14,561)	30,608
Cash flow from investing activities			
Purchase of intangible assets		(6,281)	(5,928)
Purchase of tangible assets		(381)	(1,404)
Proceeds from disposals of tangible assets		361	48
Interest received		2,683	3,596
Net cash used in investing activities		(3,618)	(3,688)
Cash flow from financing activities			
Repayment of finance leases		-	(9)
Interest paid		(2,475)	(3,593)
Net cash used in financing activities		(2,475)	(3,602)
Net increase in cash and cash equivalents		(20,654)	23,318
Cash and cash equivalents at the beginning of the year		21,378	(1,709)
Exchange gains / (losses) on cash and cash equivalents		332	(231)
Cash and cash equivalents at the end of the year		1,056	21,378
Cash and cash equivalents consist of:			
Cash at bank and in hand		1,056	21,378
Cash and cash equivalents		1,056	21,378

The Group is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the Company statement of cash flows.

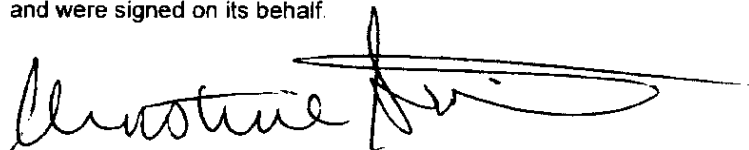
**Company balance sheet**  
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	12	30,482	23,084
Tangible assets	13	43,989	41,043
Investments	14	73,734	95,056
		<b>148,205</b>	<b>159,183</b>
Current assets			
Inventories	15	54,302	53,745
Debtors	16	69,500	85,672
Post-employment benefits	19	2,299	-
Cash at bank and in hand		61	18,733
		<b>126,162</b>	<b>158,150</b>
Creditors: amounts falling due within one year	18	(121,901)	(136,890)
Net current assets		<b>4,261</b>	<b>21,260</b>
Total assets less current liabilities		<b>152,466</b>	<b>180,443</b>
Post-employment benefits	19	-	(27,456)
Deferred tax liability	17	(399)	-
Provision for other liabilities	20	(1,431)	(1,730)
Net assets		<b>150,636</b>	<b>151,257</b>
Capital and reserves			
Called-up share capital	21	72,600	72,600
Other reserves	21	22,903	23,078
Merger reserve		(8,010)	-
Retained earnings		63,143	55,579
Total equity		<b>150,636</b>	<b>151,257</b>

The notes on pages 23 to 52 are an integral part of these financial statements.

The loss for the financial year dealt with in the financial statements of the parent Company was £11.7m (2020: £16.6m loss)

The financial statements on pages 21 to 22 were authorised for issue by the board of directors on 08 April 2022 and were signed on its behalf.



**C Smith**  
Director

Registered number: 04184676

## Company statement of changes in equity

	Called up share capital	Other reserves	Merger reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2020	72,600	22,946	-	80,601	176,147
Total comprehensive income for the year					
Profit for the year	-	-	-	(16,552)	(16,552)
Other comprehensive income for the year	-	-	-	(8,470)	(8,470)
Total comprehensive income for the year	-	-	-	(25,022)	(25,022)
Credit relating to equity-settled share-based payments	-	132	-	-	132
Total transactions with owners, recorded recognised directly in equity	-	132	-	-	132
Balance as at 31 December 2020 and 1 January 2021	72,600	23,078	-	55,579	151,257
Total comprehensive income for the year					
Loss for the year	-	-	-	(11,739)	(11,739)
Other comprehensive expense for the year	-	-	-	19,303	19,303
Total comprehensive expense for the year	-	-	-	7,564	7,564
Credit relating to equity-settled share-based payments	-	(175)	-	-	(175)
Merger	-	-	(8,010)	-	(8,010)
Total transactions with owners, recorded recognised directly in equity	-	(175)	(8,010)	-	(8,185)
Balance as at 31 December 2020	72,600	22,903	(8,010)	63,143	150,636

## Notes to the consolidated financial statements

for the year ended 31 December 2021

### 1. General information

Nobia Holdings UK Limited ('the company') and its subsidiaries (together 'the group') carry out the manufacture and distribution of high quality self-assembly and rigid kitchens and the manufacture, merchandising and retailing of kitchens, joinery, and related products under a number of brands including Magnet.

The company is a private company limited by shares and is incorporated in England and Wales and registered in England. The address of its registered office is C/O Magnet Limited, 3 Allington Way, Yarm Road Business Park, Darlington, County Durham, DL1 4XT.

### 2. Statement of compliance

The Group and individual financial statements of Nobia Holdings UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and 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 consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The group and the company has adopted FRS 102 in these financial statements.

#### a. Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its individual profit and loss account.

The Group's ultimate parent undertaking, Nobia AB, includes the Group in its consolidated financial statements. The consolidated financial statements of Nobia AB are available to the public and may be obtained from the address provided in note 25.

#### b. Going concern

After making enquiries and taking account of the principal risks and uncertainties set out within the Strategic Report, the directors considered that at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. Demand has increased as COVID-19 restrictions lift, and revenue is expected to be generated over the next 12 months from secured and future orders.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**b. Going concern (continued)**

The directors have also prepared a cash flow forecast which extends at least 12 months from the date of signing the financial statements. The Group has no external debt other than a UK cash pooling arrangement and group overdraft facility in place with its bank, in which its parent company Nobia AB participates. This will be in place throughout the 12-month forecast period. Based on a 20% downwards revenue scenario the UK Group would still remain comfortably within its overdraft limits, ensuring that Nobia Holdings UK Limited will continue as a going concern. By taking appropriate mitigating actions the Group considers that cash resources would be sufficient to cover its fixed costs for at least 12 months as it has both headroom in its bank facilities and support available from Nobia AB at the point of signing the accounts. The investments referred to in the Chief Executive's report will only be made when financing is received from Nobia AB. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

**c. Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

In these financial statements the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosure requirements:

- the company taken advantage of the exemption, under paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- from disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Where required, equivalent disclosures are given in the group disclosures included in these financial statements.

**d. Parental guarantee exemption**

For the year ending 31 December 2021 the following subsidiaries of the company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

<b>Name</b>	<b>Companies House Registration Number</b>
Charco Ninety-Nine Limited	02305906
CIE plc	00620180
CIE UK (Holdings) Limited	02249369
Commodore Kitchens Limited	01418535
Essenza Interiors Limited	07333974
Gower Furniture Limited	01536818
Gower Group Limited	04083229
Magnet Limited	02762625

## **Notes to the consolidated financial statements (continued)** for the year ended 31 December 2021

### **e. Consolidated financial statements**

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings.

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

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

### **f. Foreign currency**

#### *i. Functional and presentation currency*

The Group and company's functional and presentation currency is the pound sterling and all amounts are rounded to the nearest £1,000.

#### *ii. Transactions and balances*

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. At each reporting period end, foreign currency monetary items are translated using the closing exchange rates prevailing on the reporting period end date. 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 translated using the exchange rate when the 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.

### **g. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, trade discounts, settlement discounts and volume rebates agreed by the group and value added taxes.

The group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the group's sales channels have been met, as described below.

## Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

### g. Revenue Recognition (continued)

#### *i. Sale of goods – retail*

The group operates retail shops for the sale of a range of branded and own branded products. Sales of goods are recognised on delivery to or collection by the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment card.

Sales are made to retail customers with a right to return, subject to certain conditions regarding the usage. Accumulated experience is used to estimate and provide for such returns at the time of sale.

#### *ii. Contract revenue*

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, contract costs are recognised as expenses in the year in which they are incurred, and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

#### *iii. Interest income*

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

#### *iv. Dividend income*

Dividend income is recognised in the profit and loss account when the right to receive payment is established.

#### *v. One-off supplier receipts*

From time to time, the Group receives payments from suppliers which are not related to the volume of product that is purchased. These receipts are held in the balance sheet as deferred income and released on a straight-line basis, over the length of the contract. Rebates received which are related to volume of product are accounted for immediately through the profit and loss account.

### h. Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

#### *i. Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

#### *ii. Defined contribution pension plans*

The group operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense in the profit and loss account when they are due. Amounts not paid are shown in accruals in the balance sheet.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**h. Employee benefits (continued)**

*iii. Defined benefit pension plan*

A defined benefit plan is a pension plan that is not a defined contribution plan. The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during prior periods, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability / (asset) is recognised in other comprehensive income in the period in which it occurs.

*iv. Annual bonus plan*

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

*v. Share-based payments*

The Group and company provides share-based payment arrangements in Nobia AB to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The Group has no cash-settled arrangements.

*vi. Long term incentive plans*

The Group operates cash-settled long term incentive plans at an operating business level for certain members of management. The plans are based on the business's performance over a three-year period against budget on a variety of measures, including revenue growth, an adjusted operating profit measure, cash targets and an individual's personal targets in developing the business. A liability for the plan is raised on the estimated amount payable in terms of the incentive scheme plans.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**h. Employee benefits (continued)**

*vii. Termination benefits*

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of an employee before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

**i. Government grants**

Government grants are recognised only when there is reasonable assurance that the company will comply with the conditions attached to them and the grants will be received. A grant received before the recognition criteria are satisfied is recognised as a liability.

A government grant that becomes receivable as compensation for expenses already incurred is recognised in profit or loss of the period in which it becomes receivable.

*Government grants related to assets are included in accruals and deferred income and credited to the statement of comprehensive income over the expected useful life of the asset to which they relate to or in periods in which related costs are incurred.*

Amounts recognised in the statement of comprehensive income are presented under the heading 'Other operating income'.

**j. Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

*i. Current tax*

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

*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 except for certain exceptions. 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 period end and that are expected to apply to the reversal of the timing difference.

**Notes to the consolidated financial statements** (continued)  
for the year ended 31 December 2021

**k. Business combinations and goodwill**

Business combinations are accounted for by applying the purchase method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group recognises goodwill at the acquisition date as the fair value of the consideration (excluding contingent consideration) transferred, the estimated amount of contingent consideration (see below), the fair value of the equity instruments issued; directly attributable transaction costs; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

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

Goodwill is amortised over its expected useful life which is estimated to be 20 years on a straight-line basis. Goodwill has no residual value. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account.

**l. Intangible assets**

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of between three and five years on a straight line basis.

Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual life, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

**m. Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

*i. Depreciation and residual values*

Land is not depreciated. Depreciation is charged to the profit and loss account over the estimated useful lives as follows:

Freehold and long leasehold buildings	10 - 50 years
Short leasehold and buildings	10 years
Plant, equipment, and vehicles	3 - 10 years straight line and 25% reducing balance
Fixtures, fittings and displays	5 - 8 years

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**m. Tangible fixed assets (continued)**

Leased assets are depreciated over the shorter of the lease term and their useful lives

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

*ii. Assets in the course of construction*

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use and the asset is reclassified into one of the above fixed asset categories.

*iii. Derecognition*

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the sale proceeds and the carrying value of the asset is credited or charged to profit or loss.

**n. Leased assets**

At inception the group 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. 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.

*ii. Lease incentives*

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

**o. Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit (CGU)) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's CGU) is compared to the carrying amount of the asset (or asset's CGU).

The recoverable amount of the asset (or asset's CGU) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's CGU) continued use. These cash flows are discounted using a pre-tax rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's CGU) is higher than the carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognised in the profit and loss account.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

## **Notes to the consolidated financial statements (continued)**

for the year ended 31 December 2021

### **o. Impairment of non-financial assets (continued)**

The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the CGU that is expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

A reversal of an impairment loss is recognised in the profit and loss account only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **p. Investments**

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

### **q. Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in first-out (FIFO) method except where stock is made to order and this will then be held until delivery is required. Cost includes the purchase price of materials, direct labour and an attributable proportion of manufacturing overheads (based on normal levels of activity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

### **r. Cash and cash equivalents**

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### **s. Provisions and contingencies**

#### *i. Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

## Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

### s. Provisions and contingencies (continued)

In particular:

- The vacant property costs provision relates to costs associated with onerous leases on specific stores that have been vacated. The current provision will be utilised against costs incurred on a store-by-store basis over the next one to five years.
- Property provisions consist primarily of dilapidations costs relating to stores that are either closed or closing. The costs are generally expected to be incurred on a store-by-store basis over the next five years.

Provisions are measured at the present value of expenditure expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit and loss account.

#### ii. Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

### t. Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

#### i. Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed from fellow group companies are initially recognised at transaction price less attributable transaction costs. If the arrangement constitutes a financing transaction, the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

#### ii. Impairment of financial assets

At the end of each reporting period, financial assets held at amortised costs 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 future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed through profit or loss.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**t. Financial Instruments (continued)**

*iii. Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when substantially all the risks and rewards of the ownership of the asset are transferred to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

*iv. Financial liabilities*

Basic financial liabilities, including trade and other payables and amounts owed to or loans from fellow group companies are initially recognised at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, the transaction is measured at the present value of future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

*v. Derecognition of financial liabilities*

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

*vi. Offsetting*

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

**u. 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.

**v. Distributions to equity holders**

Dividends and other distributions to the group'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 group's shareholders. These amounts are recognised in the statement of changes in equity.

**w. Related party transactions**

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

**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.

In the preparation of the financial statements, it is necessary for the management of the group to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**4. Critical accounting judgements and estimation uncertainty (continued)**

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

**a) Critical judgements in applying the group's accounting policies**

In the view of the directors, there are no critical accounting judgements in the preparation of these financial statements.

**b) Key accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*i. Defined benefit pension scheme (note 18)*

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension liability in the balance sheet. The assumptions reflect historical experience and current trends. See note 18 for the disclosures relating to the defined benefit pension scheme.

*ii. Property provision (note 20)*

Provision is made for dilapidations. This requires management's best estimate of the expenditure that will be incurred based on contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. For further details and range of potential provision values, see note 20.

**5. Turnover**

Analysis of turnover by category:

	2021	2020
	£'000	£'000
<b>All turnover is derived in the UK</b>		
Sale of goods	396,788	364,548
Rendering of services	15,230	17,896
Kitchen installation contracts	5,332	11,618
	<b>417,350</b>	<b>394,062</b>

**6. Other operating income**

	2021	2020
	£'000	£'000
Government grant - CJRS	1,090	9,871
Other local council grants	1,212	64
Contribution towards contract exit costs	255	-
	<b>2,557</b>	<b>9,935</b>

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**7. Operating profit**

*Operating profit is stated after charging / (crediting):*

	Note	2021 £'000	2020 £'000
Wages and salaries		92,954	88,144
Social security costs		8,863	8,635
Other pensions costs	18	3,597	3,881
Share-based payments	8	(175)	142
Long-term employee benefits	18	982	827
Staff costs charged to profit and loss		106,221	101,629
Loss on disposal of tangible assets		98	220
Government grants	6	(1,090)	(9,871)
Impairment of trade receivables		1,193	1,568
Reversal of impairment of trade receivables		(53)	(3)
Impairment of inventory (included in 'cost of sales')		1,956	5,671
Operating lease charges		28,124	31,444
Foreign exchange losses / (gains)		1,348	(12)
Fees payable to the company's auditor and its associates for the audit of the parent company and the group's consolidated financial statements		184	146
Fees payable to the company's auditor and its associates for other services:			
- Audit of the company's subsidiaries		56	85
- Non-audit services		-	-
Total amount payable to the company's auditor and its associates		240	231

**8. Employees and directors**

**Employees**

The average monthly number of persons (including executive directors) employed by the group during the year was:

	2021 No.	2020 No.
Manufacturing and distribution	766	920
Sales and marketing	1,588	1,564
Office management	269	300
	2,623	2,784

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**8. Employees and directors (continued)**

**Directors**

The directors' emoluments were as follows:

	2021 £'000	2020 £'000
Aggregate remuneration	1,415	2,247
Company pension contributions to defined contribution schemes	52	95
Compensation for loss of office	320	30
	No.	No.
Post-employment benefits are accruing to the following number of directors under:		
Defined benefit scheme	-	-
Defined contribution scheme	3	5
Number of directors who received shares under a long-term incentive scheme	-	5
Number of directors who exercised share options in the parent's shares during the year	-	-

**Highest paid director**

The highest paid director's emoluments were as follows:

	2021 £'000	2020 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	497	1,208
Defined benefit contribution scheme	-	5
Compensation for loss of office	320	30

**Key management compensation**

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2021 £'000	2020 £'000
Salaries and other short-term benefits	2,966	3,851
Post-employment benefits	265	231
Share based payments	(175)	142
Compensation for loss of office	320	112

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**9. Share-based payments**

Certain employees of the Group have been awarded share options in the ultimate parent undertaking, Nobia AB. These share options are equity settled and awarded directly by the ultimate parent undertaking.

The Group recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The expense recognised in the profit and loss during the year to 31 December 2021 is -£175k (2020: expense £142k).

Further details relating to the Nobia AB employee share option scheme can be found in the financial statements of Nobia AB, available from the address given in note 25. The nature and extent of share-based payments that existed during the year were as follows:

**Performance share plan 2019-2022**

At the 2019 Nobia AB Annual General Meeting, resolutions were made in accordance with the Board's proposal to implement an incentive scheme in the form of a Performance Share Plan. The Performance Share Plan contains performance share rights which give entitlement to Nobia shares if the participant remains in employment and the accumulated earnings per share are sufficiently high during the vesting period.

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares.

- Participation in the plan requires an investment in Nobia shares corresponding to 25, 50, 75 or 100 per cent of the employee's monthly salary.
- At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled.
- A participant's entitlement to receive shares in Nobia for matching share rights requires continued employment in the Nobia Group during the vesting period, three years, and that entire investment in Nobia shares has remained during the same period.
- Each Saving Share carries entitlement to a maximum of seven share rights for the President of Nobia AB, six share rights for other members of Group Management and four share rights for other senior executives.
- Allotment of shares requires that the performance targets related to average operating profit (EBIT) and total shareholder return (TSR) on the company's shares have been achieved.

Share options, granted to executives and senior managers of the Company, that existed at the end of the year were as follows:

Shares	No. of share options at the end of the year	No. of share options at the beginning of year	Exercise price (£)	Expiry date
2019 - 2022	0	125,108	Nil	April / May 2022

The 2019-2022 share plan failed to meet its performance targets and expired during 2021.

No new performance share plan was launched in 2020.

**Performance share plan 2021-2024**

At the 2021 Nobia AB Annual General Meeting, resolutions were made in accordance with the Board's proposal to implement an incentive scheme in the form of a Performance Share Plan. The Performance Share Plan contains performance share rights which give entitlement to Nobia shares if the participant remains in employment and the accumulated earnings per share are sufficiently high during the vesting period.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**9. Share-based payments (continued)**

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares.

- a) Participation in the plan requires an investment in Nobia shares corresponding to 25, 50, 75 or 100 per cent of the employee's monthly salary.
- b) At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled.
- c) A participants entitlement to receive shares in Nobia for matching share rights requires continued employment in the Nobia Group during the vesting period, 3 years, and that entire investment in Nobia shares has remained during the same period.
- d) Each Saving Share carries entitlement to a maximum of six share rights for the President of Nobia AB, five share rights for other members of Group Management and four share rights for other senior executives.
- e) Allotment of shares requires that the performance targets related to average operating profit (EBIT) have been achieved.

Share options, granted to executives and senior managers of the Company, that existed at the end of the year were as follows:

<b>Shares</b>	<b>No. of share options at the end of the year</b>	<b>No. of share options at the beginning of year</b>	<b>Exercise price (£)</b>	<b>Expiry date</b>
2021 - 2024	-	-	Nil	April / May 2024

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**10. Net interest income**

**a) Interest receivable and similar income**

	2021	2020
	£'000	£'000
Interest on short-term deposits	124	11
Interest on amounts owed by ultimate parent undertaking	2,559	3,585
	<b>2,683</b>	<b>3,596</b>

**b) Interest payable and similar charges**

	2021	2020
	£'000	£'000
Net interest expense on post-employment benefits	(350)	(335)
Interest on bank overdrafts and loans	(4)	(28)
Interest on amounts owed to ultimate parent undertaking	(2,122)	(3,230)
	<b>(2,476)</b>	<b>(3,593)</b>

**c) Net interest income**

	2021	2020
	£'000	£'000
Interest receivable and similar income	2,683	3,596
Interest payable and similar charges	(2,476)	(3,593)
Net interest income	<b>207</b>	<b>3</b>

**11. Income tax**

**a) Tax expense included in profit or loss**

	2021	2020
	£'000	£'000
Current tax:		
- UK Corporation tax on profits for the year	(1,628)	(2,759)
- Adjustment in respect of prior periods	646	(873)
Total current tax	<b>(983)</b>	<b>(3,632)</b>
Deferred tax:		
- Origination and reversal of timing differences	(1,537)	(1,242)
- Adjustment in respect of prior periods	1,093	(22)
- Current tax deductions allocated to actuarial losses	1,100	420
Total deferred tax	<b>656</b>	<b>(844)</b>
Tax on (loss) / profit	<b>(327)</b>	<b>(4,476)</b>

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**11. Income tax (continued)**

**b) Tax (income) / expense included in other comprehensive income**

	2021	2020
	£'000	£'000
Deferred tax		
- Origination and reversal of timing differences	6,339	(2,523)
- Impact of change in tax rate	(1,647)	-
Total tax (income) / expense included in other comprehensive income	4,692	(2,523)

**c) Reconciliation of tax charge**

Tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£'000	£'000
(Loss) / profit before tax	(9,920)	(30,325)
Profit multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	(1,885)	(5,762)
Effects of:		
- Expenses not deductible for tax purposes	2,068	1,886
- Adjustments in respect of prior years	1,739	(895)
- Short term timing differences	(1,171)	1,225
- Permanent capital allowances in excess of depreciation	(611)	(122)
- Origination and reversal of timing differences	(1,562)	(1,242)
- Current tax deductions allocated to actuarial losses	1,100	420
- Other	(4)	14
Tax charge for the year	(327)	(4,476)

**d) Tax rate changes**

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 24 May 2021.

An increase in the corporation tax rate to 25% from April 2023 was substantively enacted on 24 May 2021.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**12. Intangible assets**

<b>Group</b>	<b>Goodwill</b> £'000	<b>Software</b> £'000	<b>Total</b> £'000
<b>Cost</b>			
At 1 January 2021	116,939	17,533	134,472
Additions	-	381	381
Disposals	-	(1)	(1)
At 31 December 2021	116,939	17,913	134,852
<b>Amortisation and impairment</b>			
At 1 January 2021	78,562	12,285	90,847
Amortisation for the year	5,196	1,622	6,818
Disposals	-	(3)	(3)
At 31 December 2021	83,758	13,904	97,662
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>33,181</b>	<b>4,009</b>	<b>37,190</b>
At 31 December 2020	38,377	5,248	43,625

<b>Company</b>	<b>Goodwill</b> £'000	<b>Software</b> £'000	<b>Total</b> £'000
<b>Cost</b>			
At 1 January 2021	73,345	15,299	88,644
Merger	13,312	1,685	14,997
Additions	-	2	2
Disposals	-	(1)	(1)
Transfers	-	-	-
At 31 December 2021	86,657	16,985	103,642
<b>Amortisation and impairment</b>			
At 1 January 2021	54,774	10,786	65,560
Merger	-	1,447	1,447
Amortisation for the year	4,619	1,535	6,154
Disposals	-	(1)	(1)
At 31 December 2021	59,393	13,767	73,160
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>27,264</b>	<b>3,218</b>	<b>30,482</b>
At 31 December 2020	18,571	4,513	23,084

Goodwill is being amortised on a straight-line basis over 20 years. This is the period over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

The amortisation charge is recognised within administrative expenses in the profit and loss account.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**13. Tangible assets**

<b>Group</b>	<b>Freehold land and buildings £'000</b>	<b>Short leasehold land and buildings £'000</b>	<b>Plant, equipment and vehicles £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Assets in the course of construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At 1 January 2021	13,483	41,308	70,216	2,921	3,818	131,746
Additions	-	441	1,312	21	4,504	6,278
Disposals	(329)	(328)	(1,446)	(147)	-	(2,250)
Transfers	-	310	1,012	-	(1,298)	24
<b>At 31 December 2021</b>	<b>13,154</b>	<b>41,731</b>	<b>71,094</b>	<b>2,795</b>	<b>7,024</b>	<b>135,798</b>
<b>Depreciation</b>						
At 1 January 2021	4,844	23,570	49,959	1,513	-	79,886
Charge for year	854	1,749	5,872	296	-	8,771
Disposals	(145)	(193)	(1,315)	(135)	-	(1,788)
Transfers	-	-	24	-	-	24
<b>At 31 December 2021</b>	<b>5,553</b>	<b>25,126</b>	<b>54,540</b>	<b>1,674</b>	<b>-</b>	<b>86,893</b>
<b>Net book value</b>						
<b>At 31 December 2021</b>	<b>7,601</b>	<b>16,605</b>	<b>16,554</b>	<b>1,121</b>	<b>7,024</b>	<b>48,905</b>
At 31 December 2020	8,639	17,738	20,257	1,408	3,818	51,860

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**13. Tangible assets (continued)**

Company	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant, equipment and vehicles £'000	Fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>						
At 1 January 2021	13,483	28,784	66,085	1,812	3,817	113,981
Merger of Companies	-	5,101	1,355	-	-	6,456
Additions	-	433	1,304	-	4,496	6,233
Disposals	(329)	(328)	(924)	-	-	(1,581)
Transfers	-	308	1,013	-	(1,297)	24
At 31 December 2021	13,154	34,298	68,833	1,812	7,016	125,113
<b>Depreciation</b>						
At 1 January 2021	4,844	19,177	47,692	1,225	-	72,938
Merger of Companies	-	676	229	-	-	905
Charge for year	854	1,650	5,752	132	-	8,388
Disposals	(145)	(193)	(793)	-	-	(1,131)
Transfers	-	-	24	-	-	24
At 31 December 2021	5,553	21,310	52,904	1,357	-	81,124
<b>Net book value</b>						
At 31 December 2021	7,601	12,988	15,929	455	7016	43,989
At 31 December 2020	8,639	9,607	18,393	587	3,817	41,043

**14. Fixed asset investments**

Company	Total £'000
At 1 January 2021	95,056
Merger of Companies	(21,322)
At 31 December 2021	73,734

The list of subsidiaries is as follows:

Name	Address of the registered office	Nature of business	Interest
CIE plc	Note [5]	Supply and installation of kitchens	100% ordinary*
Commodore Kitchens Limited	Note [5]	Supply and installation of kitchens	100% ordinary
Gower Furniture Limited	Note [2]	Act as an agent specialising in the manufacture, and sale of kitchen related products under the Gower brand	100% ordinary*
Magnet Limited	Note [1]	Act as an agent specialising in the manufacture, merchandising and retailing of kitchens, joinery and related products under the Magnet brand	100% ordinary
Magnet (Isle of Man) Limited	Note [4]	Retailing of fitted kitchens and related products	100% ordinary*
Charco Ninety-Nine Limited	Note [2]	Holding company	100% ordinary*

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**14. Fixed asset investments (continued)**

Name	Address of the registered office	Nature of business	Interest
CIE UK (Holdings) Limited	Note [5]	Holding company	100% ordinary
Essenza Interiors Limited	Note [5]	Dormant	100% ordinary
Gower Group Limited	Note [2]	Holding company	100% ordinary
Rixonway Kitchens Limited [6]	Note [3]	Kitchen manufacturer	100% ordinary*
Rollfold Holdings Limited [6]	Note [3]	Holding company	100% ordinary
Rollfold Group Limited [6]	Note [3]	Holding company	100% ordinary*
Magnet & Southern Limited	Note [1]	Dormant	100% ordinary
Magnet Distribution Limited	Note [1]	Dormant	100% ordinary
Magnet Furniture Limited	Note [1]	Dormant	100% ordinary
Magnet Group Limited	Note [1]	Dormant	100% ordinary
Magnet Group Trustees Limited	Note [1]	Dormant	100% ordinary*
Magnet Industries Limited	Note [1]	Dormant	100% ordinary
Magnet Joinery Limited	Note [1]	Dormant	100% ordinary
Magnet Kitchens Limited	Note [1]	Dormant	100% ordinary
Magnet Manufacturing Limited	Note [1]	Dormant	100% ordinary
Magnet Retail Limited	Note [1]	Dormant	100% ordinary
Magnet Supplies Limited	Note [1]	Dormant	100% ordinary

\* shares held indirectly

[1] registered office: 3 Allington Way, Yarm Road Business Park, Darlington, County Durham, DL1 4XT.

[2] registered office: Holmfield Industrial Estate, Halifax, West Yorkshire, HX2 9TN.

[3] registered office: Churwell Vale, Shaw Cross Business Park, Dewsbury, West Yorkshire, WF12 7RD.

[4] registered office: Millennium House, Victoria Road, Douglas, Isle of Man, IM2 4RW.

[5] registered office: Acorn House, Gumley Road, Grays, Essex, RM20 4XP.

[6] the company was dissolved on 4 January 2022

**15. Inventories**

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Raw materials and consumables	7,524	9,592	7,062	8,153
Work in progress	805	875	694	734
Finished goods and goods for resale	48,573	49,211	46,546	44,858
	56,902	59,678	54,302	53,745

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Inventories are stated after provisions for impairment of Group: £6,859k (2020: £6,794k); Company £6,517k (2020: £5,645k).

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**16. Debtors**

	Note	Group		Company	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Trade debtors		<b>38,985</b>	47,425	<b>32,298</b>	33,102
Gross amounts owed by contractors		<b>1,093</b>	1,647	-	-
Corporation tax recoverable		<b>926</b>	2,763	<b>567</b>	2,346
Amounts owed by group undertakings		<b>20,654</b>	22,132	<b>23,117</b>	38,684
Other debtors		<b>5,114</b>	6,740	<b>1,196</b>	1,025
Prepayments and accrued income		<b>13,019</b>	6,890	<b>12,322</b>	5,883
Deferred tax asset	16	-	5,155	-	4,632
		<b>79,791</b>	92,752	<b>69,500</b>	85,672

Trade debtors includes £1,499k (2020: £1,856k) and other debtors includes £1,555k (2020: £1,815k) falling due after more than one year.

Trade debtors are stated after provisions for impairment of Group: £856k (2020: £1,225k); Company: £567k (2020: £781k).

Amounts owed by group undertakings are unsecured loans and receivables, which are interest bearing and are repayable on demand.

**17. Deferred tax assets and liabilities**

Deferred tax assets / (liabilities) are attributable to the following:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Post-employment benefits	<b>(575)</b>	5,217	<b>(575)</b>	5,217
Capital allowances	<b>(3,610)</b>	(636)	<b>(3,605)</b>	(675)
Accelerated depreciation	-	11	-	-
Corporation tax losses carried forward	<b>3,413</b>	552	<b>3,413</b>	-
Other timing differences	<b>577</b>	11	<b>368</b>	90
Net tax assets / (liabilities)	<b>(195)</b>	5,155	<b>(399)</b>	4,632

The deferred tax liability expected to reverse in 2022 primarily relates to the reversal of timing differences on acquired intangible and tangible assets and capital allowances through depreciation and amortisation, offset by expected tax deductions when payments are made to utilise provisions or tax losses are utilised.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**18. Creditors: amounts falling due within one year**

		<b>Group</b>		<b>Company</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdraft		-	-	3,421	-
Trade creditors		45,125	60,977	42,280	54,923
Gross amounts owed to contractors		168	115	-	-
Amounts owed to group undertakings		1,496	11	43,678	41,862
Other taxation and social security		6,395	17,782	6,139	16,854
Other creditors		6,635	7,423	6,564	7,863
Accruals and deferred income		20,305	18,941	19,819	15,388
		<b>80,124</b>	<b>105,249</b>	<b>121,901</b>	<b>136,890</b>

Amounts owed to group undertakings are unsecured, unsecured loans and payables, which are interest free and are repayable on demand.

**19. Post-employment benefits**

The Company operates a defined benefit pension scheme which has been closed to new members since 1 November 1999 and the Group operates a defined contribution scheme for its UK employees.

The amount recognised in the profit and loss account is as follows:

		<b>Group</b>		<b>Company</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Defined benefit scheme					
- Current service cost		982	1,527	982	1,527
Defined contribution scheme	6	3,597	3,881	3,281	3,032
Total charge in operating profit		<b>4,579</b>	<b>5,408</b>	<b>4,263</b>	<b>4,559</b>
Defined benefit scheme					
- Net interest expense	9	335	335	335	335
Total charge		<b>4,914</b>	<b>5,743</b>	<b>4,598</b>	<b>4,894</b>

**a) Defined contribution pension scheme**

The Group operates a defined contribution pension scheme, the Nobia UK Retirement Plan (formerly Magnet Money Purchase Plan). This plan is a qualifying auto enrolment vehicle.

The amount recognised as an expense for the defined contribution scheme was:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Current year contributions	3,597	3,881	3,281	3,032

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**19. Post-employment benefits (continued)**

**b) Defined benefit pension scheme**

Until 31 December 2012 Magnet Limited, a subsidiary undertaking also provided pension arrangements to employees through a defined benefit scheme, the Magnet Group Pension Scheme. During 2013 the Company entered into a Deed of Substitution with Magnet Limited and the trustees of the Magnet Group Pension Scheme, pursuant to which the Company was substituted as the participating employer in relation to Magnet Limited's defined benefit pension scheme. The liabilities of Magnet Limited to the pension scheme were apportioned to the Company.

The scheme has been closed to new members since 1 November 1999. The scheme closed to future accrual with effect from 31 December 2009 and for active members of the scheme the link to salary was removed. Active members are entitled to join the Nobia UK Retirement Plan.

Costs in relation of the Company's defined benefit scheme are assessed in accordance with the advice of professionally qualified actuaries. The pension scheme is funded by the payment of contributions to separately administered trust funds.

The valuation used for FRS 102 disclosures has been based on a full formal actuarial valuation as at 31 October 2017 and was updated for FRS 102 purposes to 31 December 2021 by a qualified independent actuary. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Employer contributions over the accounting period amounted to £7.1m (2020: £4.1m). Three months of contributions were deferred during the early part of the pandemic, but they were repaid in 2021. It has been agreed that employer contribution of £5.5m per annum to 31 July 2026 will apply plus payment of the PPF levy.

The information disclosed below is in respect of the Magnet Group Pension Scheme as a whole for which the Company is legally responsible throughout the periods shown.

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2021	2020
	%	%
Discount rate	1.80	1.40
Rate of increase to pensions in payment		
- benefits accrued pre 6 April 1997	-	-
- benefits accrued between 6 April 1997 and 6 April 2006	3.00	2.75
- benefits accrued post 6 April 2006	1.90	1.80
Deferred revaluation	2.30	1.95
RPI inflation	3.25	2.85
CPI inflation	2.25	1.85

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**19. Post-employment benefits (continued)**

The mortality assumptions used were as follows:

	2021	2020
	%	%
Longevity at age 65 for current pensioners		
- Men	20.7	20.7
- Women	23.6	23.5
Longevity at age 65 for future pensioners		
- Men	22.4	22.4
- Women	25.4	25.4

If actuarial assumptions changed, the value of the reported liabilities at 31 December 2021 would have varied by £'000

	Increase	Decrease
<b>Sensitivity analysis:</b>		
Discount rate (1% change)	(40,239)	51,463
Life expectancy (1 year change)	9,703	(9,607)
Future pension increased (1% change)	22,023	(21,531)

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
	£'000	£'000	£'000
At 1 January 2021	273,573	(301,029)	(27,456)
Benefits paid	(8,797)	8,797	-
Employer contributions	7,120	-	7,120
Current service cost	(982)	-	(982)
Past service cost	-	-	-
Interest income / (expense)	3,799	(4,149)	(350)
Remeasurement gains / (losses)			
- Actuarial gains	-	19,172	19,172
- Return on plan assets excluding interest income	4,795	-	4,795
At 31 December 2021	279,508	(277,209)	2,299

Total cost recognised as an expense:

	2021	2020
	£'000	£'000
Current service cost	(982)	(827)
Past service cost	-	(700)
Interest cost	(350)	(335)
	(1,332)	(1,862)

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**19. Post-employment benefits (continued)**

Gains and losses recognised directly in equity:

	2021	2020
	£'000	£'000
Actuarial losses on defined benefit obligation	19,172	(38,595)
Return on plan assets less interest income	4,795	27,245
(Losses)/Gains recognised in the year	23,967	(11,350)

No amounts (2020: nil) were included in the cost of assets.

The fair value of the plan assets was:

	2021	2020
	£'000	£'000
Equity instruments	39,964	33,798
Debt instruments	208,040	210,441
Cash and cash equivalents	31,504	29,334
	279,508	273,573

At 31 December 2021, none of the fair value of scheme assets related to self-investment.

The return on the plan assets was:

	2021	2020
	£'000	£'000
Interest income	3,799	5,158
Return on plan assets excluding interest income	4,795	27,245
Total return on plan assets	8,594	32,403

**20. Provision for other liabilities**

Group and Company	Dilapid- ation provision	Onerous lease provision	Total
	£'000	£'000	£'000
At 1 January 2021	823	907	1,730
Additions dealt with in profit and loss	698	-	698
Amounts utilised	(636)	(361)	(997)
At 31 December 2021	885	546	1,431

**Dilapidation provision**

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The dilapidations provision consists primarily of dilapidations costs relating to stores that are either closed or closing. The costs are generally expected to be incurred on a store-by-store basis over the next five years.

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**20. Provision for other liabilities (continued)**

**Onerous lease provision**

Where leasehold properties become vacant, the group provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal. The onerous lease provision relates to costs associated with onerous leases on specific stores that have been vacated. The current provision will be utilised against costs incurred on a store-by-store basis over the next one to five years.

**21. Called-up share capital and other reserves**

Ordinary shares of £1 each	Group and Company	
	No.	£'000
Allotted and fully paid		
At 1 January 2021	72,600,000	72,600
At 31 December 2021	72,600,000	72,600

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**Capital contribution reserve**

Prior to 1 January 2013, certain employees of the Group were awarded share options in the ultimate parent undertaking, Nobia AB. The fair value of employee services received in exchange for grant of the options was recognised as an employee expense with a corresponding increase in the capital contribution reserves.

**Capital redemption reserve**

The capital redemption reserve balance is in relation to the historic company purchase of its own shares

**Other reserve**

The other reserve comprises negative goodwill arising on acquisitions made prior to 1 October 1999.

**Dividends**

A dividend of £nil was paid during the year (2020: £nil).

**Notes to the consolidated financial statements (continued)**  
for the year ended 31 December 2021

**22. Notes to the cash flow statement**

	2021	2020
	£'000	£'000
(Loss) / profit before taxation	(9,920)	(30,335)
Finance costs	2,475	3,593
Finance income	(2,683)	(3,596)
Operating profit	(10,128)	(30,338)
Amortisation of intangible assets	6,817	7,151
Depreciation of tangible assets	8,773	9,813
Loss / (profit) on disposal of tangible assets	98	220
Share-based payment (credit) / charge	(175)	142
Pension liability payments	(6,773)	(3,789)
Other provisions less payments	(298)	(555)
Working capital movements:		
– Decrease in inventories	2,776	5,951
– Increase in debtors	5,806	4,583
– (decrease) / increase in payables	(24,472)	37,197
Cash flow from operating activities	(17,576)	30,375

**Analysis of changes in net debt**

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£'000	£'000	£'000
Cash at bank and in hand	21,378	(20,322)	1,056
Total	21,378	(20,322)	1,056

**23. Operating leases**

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Payments due				
Not later than one year	22,003	24,601	21,258	23,759
Later than one year and not later than five years	35,081	46,822	34,836	46,247
Later than five years	5,345	7,658	5,345	7,658
	62,429	79,081	61,439	77,664

The Group and Company had no other off-balance sheet arrangements.

As a result of the Company entering into an agency agreement with Magnet Limited during 2013, commitments which were previously reported by Magnet Limited are now included in the balances above.

## **Notes to the consolidated financial statements (continued)**

for the year ended 31 December 2021

### **24. Related party transactions**

The company is controlled by Nobia AB by virtue of their majority shareholding. The ultimate controlling party is Nobia AB.

In accordance with FRS 102 Section 33, as the company is a wholly owned subsidiary of Nobia AB, the company has not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

### **25. Controlling parties**

The immediate parent undertaking, controlling party and the largest and smallest group to consolidate these financial statements is Nobia AB, a company incorporated in Sweden. Copies of the consolidated financial statements of Nobia AB can be obtained from the Company Secretary at its registered address, Nobia AB, PO Box 70376, SE-107 24, Stockholm, Sweden.

### **26. Events after the reporting period**

COVID-19 restrictions eased in January and were fully lifted by the end of February 2022. This had a positive impact on the Magnet winter sales campaign. Nobia AB signed off the UK investment plans for the investment in stores, factories and IT in the January 2022 board meeting.