COMPANY REGISTRATION NUMBER: 03411690

Lifetime Brands Europe Limited

Financial Statements

31 December 2022

Lifetime Brands Europe Limited

Financial Statements

Year ended 31 December 2022

Contents

Lifetime Brands Europe Limited

Officers and Professional Advisers

The board of directors	Mr M B Canwell Mr D T Siegel Mr R B Kay Mr L Winoker Mrs C L Budgen Mr C S Siegel Mr R T Jones Mr G Marshall
Company secretary	Gateley Secretaries Limited
Registered office	The Hub Nobel Way Birmingham B6 7EU
Auditor	Ernst & Young LLP 1 Colmore Square Birmingham B4 6HQ
Bankers	JPMorgan Chase Bank, NA 10 Aldermanbury Road London EC2M 7RF

Lifetime Brands Europe Limited

Strategic Report

Year ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity
Lifetime Brands Europe Limited (the company) designs, sources and sells branded kitchenware, tableware and other products used in the home and markets its products under a number of widely-recognised brand names and trademarks, which are either owned or licensed by the Company. The company's products, which are targeted primarily towards consumers purchasing moderately priced kitchenware, tableware and housewares, are sold through virtually every major level of trade.

Customers
The company's products are sold globally to a diverse customer base including speciality retailers, commercial stores, grocery and department stores, off-price retailers, garden centre groups and independent retailers. The company also sells through pure-play e-commerce retailers, supports the online channels of its existing customers and direct to consumers through its own websites. See note 4 to the financial statements for a detailed breakdown of turnover by territory.

International division of Lifetime Brands
The company's ultimate parent is Lifetime Brands, Inc., a leading durables consumer products company in the USA with strong market positions in kitchen tools & gadgets, cutlery and barware accessories, tabletop as well as other kitchen and home product categories. The company leads the group's international expansion activities into markets outside North America alongside continuing to grow and service its existing UK, EU and International customers.

The Hub
The company runs its operations out of the purpose-built Hub at Aston, Birmingham. Investment in seamless digital systems enables swift pick, pack and despatch and integration into customers' systems for efficient ordering and invoicing. Product design and development, customer support, finance and head office functions are also based here, alongside the company's extensive customer showroom and product demonstration facilities.

The Euro Hub
The company has now also established a Hub in the Netherlands, operated through Lifetime Brands Europe B.V, a fellow group member. Using third party logistics and directly managed from the UK this facility holds stock and processes orders for customers within the EU.

Sales & marketing
The company's sales and marketing staff coordinate directly with its wholesale customers to devise marketing strategies and merchandising concepts and to furnish advice on advertising and product promotion. Utilising the latest available design tools, technology and materials, the company creates new products, redesigns existing products and creates packaging and merchandising concepts.

Sources of supply
The company sources its products from hundreds of suppliers, almost all of which are located outside the United Kingdom, with most of the company's suppliers located in China. The company orders products substantially in advance of the anticipated time of their sale. The company does not have formal long-term arrangements with its suppliers and its arrangements allow for flexibility in modifying the quantity, composition and delivery dates of orders.

Employees
At 31 December 2022, the company had approximately 207 full-time employees. The company also hires seasonal workers at its distribution centre through temporary staffing agencies.

Lifetime Brands Europe Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Business review

Results of operations

The key financial performance indicators during the period were as follows:

	31/12/2022	31/12/2021
	£	£
Turnover	**44,616,862**	58,933,304
Gross profit	**6,088,013**	11,416,869
Administrative expenses	**(19,595,837)**	(17,431,126)
Gross profit percentage	**14%**	19%
(Loss) on foreign currency translation of loan from parent undertaking	**(2,584,015)**	(387,219)
Impairment of fixed assets	**(5,377,144)**	–
Operating loss	**(18,884,968)**	(6,011,257)

Analysis of results - sales

Turnover for the year amounted to £44,616,862 (2021: £58,933,304). This is lower than the previous year, in part due to the United Kingdom facing unfavorable economic and market conditions, with high inflation and low consumer confidence due to uncertain geopolitical and economic outlooks.

There has been a reduced footfall at the company's retail customers, with inflation and economic weakness in the UK and Europe reducing discretionary consumer spend. During the year and towards the end of the year retailers had high inventory levels which has reduced demand from Lifetime Brand's customers during the key sale season leading up to Christmas, Black Friday and New Year sales.

E-commerce sales have significantly reduced in 2022 compared to the high levels seen during the lockdown periods of the COVID-19 pandemic.

The continuing effects of the UK's exit from the European Union can be seen in the reported results. Sales to European customers have been impacted by increased costs and logistics difficulties. Sales to end customers in Europe from the second quarter of 2022 were made from Lifetime Brands Europe B.V. Inventory to meet those sales was supplied by Lifetime Brands Europe Limited in the first quarter of 2022, and then ongoing across 2022.

The group transfer pricing policy initially recognises sales of inventory at a 5% markup. The Euro Hub is run via third party logistics in The Netherlands, with management, operations, sales and marketing all managed, organised and directed from the UK by Lifetime Brands Europe Limited. Ultimately, a transfer pricing adjustment is reported, via turnover and cost of sales, to repatriate all profits back to Lifetime Brands Europe Limited, leaving only a commercial margin on the logistics operations within Lifetime Brands Europe B.V. The directors believe this best represents the commercial and economic realities of which party takes on the risks and rewards of the trading activities.

Analysis of results - costs

Gross profit percentage has decreased compared to the prior year. Lower total sales are less able to absorb the fixed elements of cost of sales, such as buying, merchandising and quality control. During the year product cost inflation and once again increasing ocean freight costs have impacted margins, yet more continuing global economic challenges arising out of the COVID-19 pandemic, especially in light of China's zero-COVID policy.

The transfer pricing policy for Euro Hub transactions results in lower reported turnover on European sales, with the effect of reducing gross profit percentage. Adverse foreign exchange currency movements impact on profitability, despite Lifetime Brands Europe making good use of forward currency purchase contracts to manage its risk on purchasing costs denominated in US dollars.

Administrative expenses show an increase compared with the prior year.
Rates and utility costs show a significant decrease in 2022, reflecting a normal year of business rates compared to 2021 which included £842,574 related to prior periods due to a reassessment by the rating authority.
Travel and advertising costs increased during 2022, as the easing of COVID-19 pandemic restrictions allowed the company to start to invest in developing future revenue opportunities.
Adverse foreign exchange movements against US dollars led to a significant foreign exchange accounting loss of £2,584,015 (2021: £387,219) on re-translation of the loan from Lifetime Brands, Inc, which is denominated in US dollars.

Impairment review

Following the continued decline in turnover and gross profit, management has carried out an impairment review into the company's fixed assets. Management's lowered expectations of future revenue growth and profitability for the business have led to full impairment against all fixed assets.

Balance sheet analysis

Consistent with the broader strategy of the Lifetime Brands, Inc group there has been little new capital expenditure during the year. During 2022 and into 2023 the company has invested in new IT projects to integrate product development into SAP and also to better interface with customer systems for direct order processing. After carrying out an impairment review the value of all intangible assets has been impaired down to £nil.

Bank loans and overdrafts total £8,611,800 (2021: £nil). The company also benefits from a direct loan from Lifetime Brands, Inc. of £32,951,705 (2021: £25,899,834).

The company has continued to maintain high levels of inventory. This build up was planned to overcome supply chain issues and shortages in the aftermath of the COVID-19 pandemic, but has persisted for longer than anticipated due to lower sales in 2022.

Trade Debtors are lower than 2021 mainly because in 2022 amounts receivable from European customers are included on the balance sheet of Lifetime Brands Europe B.V. In these financial statements £5,826,104 due from Lifetime Brands Europe B.V. is included in Amounts owed by group undertakings.

	2022	2021
	£	£
Stock	**31,561,327**	31,098,972
Trade debtors	**9,336,616**	14,904,294
Trade creditors	**3,335,537**	8,185,073

Trade creditors have reduced substantially compared to the prior year, due to lower inventory purchases towards the end of the year.

The operational losses and investment in inventory have been funded with support from the parent company, Lifetime Brands, Inc. The loan from the parent company matured on 2 March 2023 and remains in place, repayable on demand. This balance of £32,951,705 (2021: £25,899,834 in non current liabilities) is disclosed within current liabilities.

The company's balance sheet reflects challenging conditions due to the continuing after-effects of the COVID-19 pandemic and the associated lockdowns put in place by the UK and international governments, and also the continuing disruption caused by Brexit, with net assets decreasing to net liabilities of £15,005,200 (2021: net assets £4,217,781).

Future developments

The company carried out a further restructuring in the fourth quarter of 2022. The savings arising from this reduction in headcount will reduce administrative expenses across 2023.

The establishing of a warehouse in the Netherlands, the Euro Hub, operated through a fellow subsidiary Lifetime Brands Europe B.V. is expected to lead to improved gross profit margins, better efficiency and increased revenues for the Group. However, Lifetime Brands Europe Limited's revenue will be lower due to European sales now going through Lifetime Brands Europe B.V. Inventory levels will also reduce as stock destined for the European market is now already stored at the third party logistics warehouse in the Netherlands and included on the balance sheet of Lifetime Brands Europe B.V.

Global currency movements continue to keep the GBP:USD exchange rate at an historically low level. This will continue to keep purchase costs of inventory higher than historical averages. The company has used forward purchases of currency to mitigate these costs pressures but the continued adverse currency rates cannot all be mitigated. Other input costs are expected to reduce, notably ocean freight and negotiations with key suppliers to reduce product costs.

Continued high inflation in the company's largest market, the UK, is expected to depress consumer demand across 2023. The company is targeting growth via key brands such as KitchenAid and La Cafetiere and through investment in national accounts. The company is also launching its Mikasa hospitality range, targeted at trade users such as restaurants and hospitality businesses. The company retains a well-stocked and competitively priced range of quality products.

Lifetime Brands Europe Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Principal risks and uncertainties

The company is subject to risks and uncertainties associated with economic and political conditions around the world, including but not limited to; government regulations, taxes including value-added taxes, import and export duties/tariffs and quotas, anti-dumping regulations, incidents and fears involving security, man-made or natural disasters, health epidemics, terrorism and wars, political unrest and other restrictions on trade and travel.

The company's operations and sales may continue to be affected by Brexit and other global political events such as the war in Ukraine. Further changes to the detailed rules surrounding export to countries in the European Union are expected, and the marketplace for freight and customs services is still evolving. Prices for third party logistics and products may fluctuate based on the resulting political uncertainty. The transfer of the majority of European customer based activity to the Euro Hub in the Netherlands will remove some of these risks for the company and mitigate them from a wider group perspective.

The company's long-term success in the competitive retail environment depends in part on the company's ability to develop and market a continuing stream of innovative new products that meet changing consumer preferences. The company may not accurately predict market demand or resolve technical issues in product development in a timely and cost-effective manner. An inability to develop new products on a timely basis could result in the loss of business to competitors. Holding excess stock of products no longer favoured by consumers could lead to inventory write downs and impairment charges.

High inflation within the UK and European economies is a key risk across 2023. High inflation reduces consumer spending power and may adversely affect overall demand for the company's products. It has also resulted and could continue to result in cost increases.

Another financial risk for the business is the persistent low GBP:USD exchange rate. This may continue to keep input costs high. The company manages this risk by using forward currency purchase contracts that match key payment schedules to its suppliers.

Credit risk applies to financial instruments such as trade debtors. Policies and procedures exist to ensure the management of trade debtors minimises as far as is reasonably practicable the company's exposure to credit risk.

The company's exposure to the price risk of financial instruments is mainly limited to foreign exchange risk, as the loan from the parent company is denominated in US dollars. As the counterparty to all loan instruments are its parent company and its bankers, it is also exposed to minimal credit and liquidity risks in respect of these loan instruments.

This report was approved by the board of directors on 21 December 2023 and signed on behalf of the board by:

DocuSigned by:
Matthew Canwell
47577BAA982F43F...

Mr M B Canwell
Director

Registered office:
The Hub
Nobel Way
Birmingham
B6 7EU

Lifetime Brands Europe Limited

Directors' Report

Year ended 31 December 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Directors

The directors who served the company during the year were as follows:

Mr M B Canwell
Mr J G Siegel
Mr D T Siegel
Mr R B Kay
Mr L Winoker
Mrs C L Budgen
Mr C S Siegel
Mr R T Jones
Mr G Marshall

Mr J G Siegel resigned as a director on 31 January 2023

Dividends

The directors do not recommend the payment of a dividend.

Going concern

The directors have prepared forecasts for the business to 31 December 2024. This indicates that the company will be able to continue to operate under the facilities made available to it by Lifetime Brands Inc, which, along with cash generated from operating activities, represents the company's principal source of funds to fund liquidity needs.

In order to effectively manage the group's overall finance costs, Lifetime Brands Inc has provided the company with an internal revolving credit facility of up to $40m which either party can terminate with 3 days' notice or shorten the term with 60 days' notice. This facility matured on 2 March 2023 and remains in place.

The group has access to an external asset-based revolving credit facility of up to $200m which matures on 26 August 2027, the level of access to which is dependent on available inventory and receivables and the extent of drawdown by other group entities. On 14 November 2023, the group amended its existing term loans, converting them to Extended Term Loans with a principal balance of $150m and a maturity of 26 August 2027.

The directors have concluded the company remains dependant on support by Lifetime Brands Inc. The directors have therefore obtained written confirmation from Lifetime Brands Inc. that it is able to and will provide financial support to the company to enable it to meet its liabilities as they fall due, but only to the extent that other monies are not available to do so, for a period to 31 December 2024.

The directors have considered information regarding the group's ability to provide financial support to the company. This information includes the group's unaudited financial information for the 9-month period to 30 September 2023, the group's Annual Report and Accounts for the year ended 31 December 2022 and the refinancing of extended terms loans in November 2023 noted above.

Having considered the ability of Lifetime Brands Inc. to provide this financial support through the going concern period, the directors have concluded that the company will have adequate resources to continue in operational existence to at least 31 December 2024. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Lifetime Brands Europe Limited

Directors' Report *(continued)*

Year ended 31 December 2022

Greenhouse gas emissions and energy consumption

	Unit	2022	2021
Emissions resulting from the use of transport fuel by the company	tCO_2e	31	31
Emissions resulting from the purchase of electricity by the company for its own use	tCO_2e	225	312
Emissions resulting from the purchase of natural gas by the company	tCO_2e	23	83
Total emissions	tCO_2e	279	426
Total energy consumption	kWh	1,404,319	1,883,858
$kgCO_2e$ / M^2 area of occupied space		12.01	19.54

Methodologies for energy and emissions calculations

We have followed 2019 HM Government environmental reporting guidelines to ensure compliance with the SECR requirements. The UK government issued "Greenhouse gas reporting: conversion factors 2022" conversion figures for CO_2e were used. The company has determined that the best metric of energy efficiency is the tCO_2e per total square metres of occupied floor space. The company has included the emissions for the grey road transport fleet based on mileages and UK government fuel properties to convert into kWh and tCO_2e.

Greenhouse gas emissions and energy consumption

Lifetime Brands Europe Limited continues to strive for energy and carbon reduction arising from their activities.
Specific measures taken across 2022 to improve energy efficiency were;

- Installed timers and movement sensors in our showroom
- Reduced operations from 3 shifts to 2 shifts (closed nights)
- Centrally controlled air conditioning system in our showroom
- Scheduled air conditioning across offices instead of any user controlled

Engagement with employees and workers

The gender pay gap (GPG) is closely monitored and reported on at Lifetime Brands Europe Limited. The directors are committed to supporting long term improvement in this area and believe that our employees performing equal work should receive equal reward. Mean GPG for the year was 15.8% compared to 13.9% in 2021. The median GPG was -1.3% compared to -6.8% in 2021. The GPG in bonus was 44.2% compared to 64.4% in 2021. We as a business continue to monitor this area and are committed to continuing with our regular pay and benefits audits to ensure continued fairness and consistency in our pay structures.

Supply chain quality

The company is committed to maintaining a reputation for high standards of business conduct. We support the promotion of ethical business policies and practices in order to protect workers from any kind of abuse, deprivation of a person's liberty, or exploitation, in relation to our business and supply chain. We have also embarked on a programme to communicate and regulate our policies to existing and new suppliers, as well as our sourcing agents and employees throughout the business where we make it clear from the outset our expectations; insisting on only working with suppliers who share our ethical values; completion of robust Self-Assessment Questionnaires (SAQ); mapping our supply chains; and adopting a diligent approach in our selection of new suppliers through factory visits and our rigorous factory evaluation and verification process.

Lifetime Brands Europe Limited

Directors' Report *(continued)*

Year ended 31 December 2022

Qualifying indemnity provision

Lifetime Brands, Inc. provided qualifying third party indemnity provisions for the directors during the financial year and at the date of signing this report.

Statement under s.172 (1)

The directors have acted to promote the success of the company for the benefit of shareholders as a whole. In carrying out that role, the directors have also had regard for broader matters and other key stakeholders as explained below and elsewhere within this annual report. The directors and management team in the United Kingdom are integrated into, and work in conjunction with the directors and senior management team of Lifetime Brands as a whole in the United States of America. The annual report of Lifetime Brands Inc. is available on its website and explains the significant decisions and actions taken by the directors. This report expands on some relevant highlights in relation to the United Kingdom and this company below:

Key developments and decisions

During the year, the board has considered the following significant decisions and developments for the company:

Brexit. The company is continuously developing its strategy in order to reduce the impact on its customers. The establishment of the Euro Hub to directly service EU customers, managed from the UK, has already had a positive impact for customers, and for the Lifetime Brands, Inc. group as a whole.

Macro-economic environment and inflationary pressure. A key issue for the company in recent years has been external pressure leading to increases in costs, at all stages of the value chain. The directors have worked with customers to plan for and implement price increases at a sustainable level. The directors have also undertaken negotiations with key suppliers to ensure fair pricing and sharing of inflationary cost pressures throughout the supply chain.

The strengthening U.S. dollar. The vast majority of the Company's inventory is purchased from Chinese suppliers in U.S. dollars. As a result, the gross margin is subject to volatility from movements in exchange rates. The Company has entered into foreign currency forward purchase contracts to hedge the volatility of exchange rates related to a portion of its inventory purchases. The company's loan from its parent company is denominated in U.S. dollars, and the strengthening dollar has resulted in an an increase in the £GBP value of this loan, with exchange losses impacting reported profits. The directors are working with the parent company to make appropriate arrangements for settlement of this loan at maturity.

Headcount re-structuring and workplace changes. Towards the end of the year the directors completed a reduction in total headcount consistent with the reduction in total sales activity. Remaining employees have been supported in managing changes to their workload and responsibilities, and in making better connections between departments. These ongoing improvements in aligning and motivating the workforce are predicted to result not only in cost savings in 2023 but also in improved collaboration and cross-functional working

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

Lifetime Brands Europe Limited

Directors' Report *(continued)*

Year ended 31 December 2022

Directors' responsibilities statement ***(continued)***

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/ or the group will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and

- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 21 December 2023 and signed on behalf of the board by:

DocuSigned by:
Matthew Canwell
47577BAA982F43F...

Mr M B Canwell
Director

Registered office:
The Hub
Nobel Way
Birmingham
B6 7EU

Independent Auditor's Report to the Members of Lifetime Brands Europe Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of Lifetime Brands Europe Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, balance sheet and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on pages 9 and 10, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Lifetime Brands Europe Limited
(continued)

Year ended 31 December 2022

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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the company operates, notably in the UK. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee, data protection, climate and environmental and bribery corruption practices;

- We understood how the company is complying with those frameworks by making enquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the company. We read the minutes of the Board of Directors and we reviewed the legal expenses incurred to identify any litigation or claims in relation to breaches of these frameworks;

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management. We considered the processes and controls that the entity has established to address identified risks, that otherwise prevent or detect fraud; and how management monitors those processes and controls. We considered the possibility of fraud through management override, and in response, we incorporated data analytics across manual journal entries, in particular in respect of adjustments to revenue and estimates in respect of trade debtor balances, into our audit approach. Where unusual results or anomalies were identified through our data analytics, we performed additional audit procedures to address each identified risk. These procedures included testing transactions back to source information and establishing an independent assessment of the provisions recorded in respect of trade debtors in order to evaluate the provisions established by management. Our procedures were designed to provide reasonable assurance that the financial statements were free from material fraud or error; and

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing details of journal entries which met our defined risk criteria based on our understanding of the business, enquiries of management, enquiries of internal audit and enquiries of the existence of whistleblowing events during the year.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Ernst & Young LLP
220A724A75674C6...

Nicholas Pritchard (Senior Statutory Auditor)

For and on behalf of
Ernst & Young LLP, Statutory Auditor
Birmingham, United Kingdom

Lifetime Brands Europe Limited

Profit and Loss Account

Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	**44,616,862**	58,933,304
Cost of sales		**(38,528,849)**	(47,516,435)
Gross profit		**6,088,013**	11,416,869
Administrative expenses		**(19,595,837)**	(17,431,126)
Other operating income	5	**–**	3,000
Impairment of fixed assets	12,13	**(5,377,144)**	–
Operating loss	6	**(18,884,968)**	(6,011,257)
Interest payable and similar expenses	10	**(338,013)**	(159,429)
Loss before taxation		**(19,222,981)**	(6,170,686)
Tax on loss	11	**–**	–
Loss for the financial year and total comprehensive income		**(19,222,981)**	(6,170,686)
Retained earnings at the start of the year		**3,443,114**	9,613,800
Retained (losses)/earnings at the end of the year		**(15,779,867)**	3,443,114

All the activities of the company are from continuing operations.

The notes on pages 17 to 30 form part of these financial statements.

Lifetime Brands Europe Limited

Balance Sheet

31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	12		–		789,634
Tangible assets	13		–		4,747,745
Investments	14		**4,000**		4,000
			4,000		5,541,379
Current assets					
Stocks	15	**31,561,327**		31,098,972	
Debtors	16	**17,328,066**		17,863,965	
Cash at bank and in hand		**469,203**		3,144,805	
		49,358,596		52,107,742	
Creditors: amounts falling due within one year	17	**(64,367,796)**		(27,531,506)	
Net current (liabilities)/assets			**(15,009,200)**		24,576,236
Total assets less current liabilities			**(15,005,200)**		30,117,615
Creditors: amounts falling due after more than one year	18		–		(25,899,834)
Net (liabilities)/assets			**(15,005,200)**		4,217,781
Capital and reserves					
Called up share capital	23		**690,000**		690,000
Capital redemption reserve	24		**84,667**		84,667
Profit and loss account	24		**(15,779,867)**		3,443,114
Shareholders (deficit) / funds			**(15,005,200)**		4,217,781

These financial statements were approved by the board of directors and authorised for issue on 21 December 2023, and are signed on behalf of the board by:

DocuSigned by:
Matthew Canwell
47577BAA982F43F...

Mr M B Canwell
Director

Company registration number: 03411690

The notes on pages 17 to 30 form part of these financial statements.

Lifetime Brands Europe Limited

Notes to the Financial Statements

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Hub, Nobel Way, Birmingham, B6 7EU.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The directors have prepared forecasts for the business to 31 December 2024. *This indicates that the* company will be able to continue to operate under the facilities made available to it by Lifetime Brands Inc, which, along with cash generated from operating activities, represents the company's principal source of funds to fund liquidity needs.

In order to effectively manage the group's overall finance costs, Lifetime Brands Inc has provided the company with an internal revolving credit facility of up to $40m which either party can terminate with 3 days' notice or shorten the term with 60 days' notice. This facility matured on 2 March 2023 and remains in place.

The group has access to an external asset-based revolving credit facility of up to $200m which matures on 26 August 2027, the level of access to which is dependent on available inventory and receivables and the extent of drawdown by other group entities. On 14 November 2023, the group amended its existing term loans, converting them to Extended Term Loans with a principal balance of $150m and a maturity of 26 August 2027.

The directors have concluded the company remains dependant on support by Lifetime Brands Inc. The directors have therefore obtained written confirmation from Lifetime Brands Inc. that it is able to and will provide financial support to the company to enable it to meet its liabilities as they fall due, but only to the extent that other monies are not available to do so, for a period to 31 December 2024.

The directors have considered information regarding the group's ability to provide financial support to the company. This information includes the group's unaudited financial information for the 9-month period to 30 September 2023, the group's Annual Report and Accounts for the year ended 31 December 2022 and the refinancing of extended terms loans in November 2023 noted above.

Having considered the ability of Lifetime Brands Inc. to provide this financial support through the going concern period, the directors have concluded that the company will have adequate resources to continue in operational existence to at least 31 December 2024. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

3. Accounting policies *(continued)*

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Lifetime Brands, Inc, which can be obtained from 1000 Stewart Avenue, Garden City, New York 11530, United States of America. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the company.
(c) Disclosures in respect of financial instruments have not been presented.
(d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 401 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is not established under the law of an EEA State. Accordingly these financial statements are for this company as a separate entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Valuation of finished goods:
Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Estimates are required in relation to forecast sales volumes and stock balances. In situations where excess stock balances are identified, estimates of net realisable values for the excess volumes are made. Stock provision for estimated losses as of 31 December 2022 amounted to £2,160,593 (2021: £2,003,109).

Valuation of trade debtors:
Accounts receivable are measured at transaction price less provisions. Estimates are required in relation to future sales returns, customer chargebacks, allowances and rebates, and any bad debts. Total accounts receivable provisions offset within debtors as of 31 December 2022 amounted to £3,865,458 (2021: £4,091,358).

Impairment of fixed assets:
Where an impairment review of fixed assets is carried out, estimates are required in relation to the recoverable amount of assets. Where the recoverable amount is based on management forecasts of future economic performance, estimates are required of the expected cash inflows relevant to each group of assets. Total fixed asset impairment charges as of 31 December 2022 amounted to £5,377,144 (2021: £nil).

3. Accounting policies *(continued)*

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sales of Goods -
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on customer receipt of the goods. Sales transactions are recorded on despatch of goods, and adjustments are made at each reporting date to account for goods not yet received by customers.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Amortisation

Where assets are in the course of construction, no amortisation is charged until the asset is completed and brought into use.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

IT software	-	20% straight line over the estimated average useful life of five years
Licences	-	10% straight line over the ten year term of the agreement

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	Straight line over the lease term of 15 years
Fixtures & fittings	-	10-33% Straight line
Motor vehicles	-	33% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Where relevant, stocks are measured net of provisions for slow-moving and discontinued items.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Other financial instruments such as currency purchase forward contracts are subsequently measured at fair value, with any changes recognised in profit or loss.

Defined contribution plans

The company operates defined contribution pension schemes. The pension charge represents the amount payable by the company in respect of the period.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	**44,616,862**	58,933,304

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2022	2021
	£	£
United Kingdom	**30,588,792**	38,738,271
Rest of Europe	**11,552,143**	17,658,681
Rest of World	**2,475,927**	2,536,352
	44,616,862	58,933,304

5. Other operating income

	2022	2021
	£	£
Government grant income	**–**	3,000

6. Operating loss

Operating loss is stated after charging / (crediting):

	2022	2021
	£	£
Amortisation of intangible assets	**239,967**	412,965
Depreciation of tangible assets	**455,990**	437,311
Gains on disposal of tangible assets	**–**	(11,763)
Impairment of trade debtors	**(180,161)**	227,908
Operating lease rentals	**2,075,988**	2,130,524
(Gains)/loss on derivatives at fair value	**(1,616,521)**	42,415
Loss on foreign currency translation of loan from parent undertaking	**2,584,015**	387,219
Impairment of intangible fixed assets	**980,755**	–
Impairment of tangible fixed assets	**4,396,389**	–
Impairment of amount owed by group undertaking	**830,460**	–

The loss on foreign currency translation of the loan from parent undertaking is highlighted separately from other operating results due to its size and nature. Prior to December 2021 the company's working capital finance was denominated in £GBP and as a result no foreign currency translation expense or income arose.

The impairment charges against fixed assets arise due to management's lowered expectations of future revenue growth and profitability for the business. See note 12 and note 13 for further details.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	**167,189**	105,000

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Marketing, buying, and quality control	**50**	45
Sales and administration	**88**	84
Warehouse	**99**	124
Management	**6**	8
	243	261

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	**9,099,715**	9,174,187
Social security costs	**1,066,665**	937,768
Other pension costs	**356,484**	371,347
	10,522,864	10,483,302

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	**811,434**	762,043
Company contributions to defined contribution pension plans	**29,943**	59,600
	841,377	821,643

The number of directors who accrued benefits under company pension plans was as follows:

	2022	2021
	No.	No.
Defined contribution plans	**4**	4

Remuneration of the highest paid director in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	**300,533**	336,727
Company contributions to defined contribution pension plans	**–**	26,530
	300,533	363,257

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

9. Directors' remuneration *(continued)*

Four of the directors were remunerated through the company and their remuneration is disclosed above.

The other five directors who served during the year were remunerated by other group undertakings. The directors do not believe that it is practicable to apportion the remuneration of these directors between their services as directors of the company and their services to other group undertakings.

10. Interest payable and similar expenses

	2022	2021
	£	£
Interest on banks loans and overdrafts	**281,496**	128,990
Interest due to group undertakings	**56,517**	30,439
	338,013	159,429

11. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022	2021
	£	£
Loss on ordinary activities before taxation	**(19,222,981)**	(6,170,686)
Loss on ordinary activities by rate of tax	**(3,652,366)**	(1,172,430)
Effect of expenses not deductible for tax purposes	**182,912**	2,571
Effect of capital allowances and depreciation	**56,448**	18,119
Other timing differences	**170,762**	–
Deferred tax asset on trading losses not recognised	**3,242,244**	1,151,740
Tax on loss	**–**	–

Factors that may affect future tax income

Finance Act 2021 will increase the main rate of corporation tax to 25% effective from 1 April 2023. This change was announced at the budget on 3 March 2021 and the Act received Royal Assent on 10 June 2021. Accordingly this rate change was substantively enacted at 31 December 2022.

As no deferred tax asset is recognised in these accounts there is no numerical impact. If all unrecognised trading tax losses were to meet the conditions for recognition this would lead to tax income of £9,229,307 at the future tax rate of 25% (2021: £5,447,357 tax income at the future tax rate of 25%).

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

12. Intangible assets

	IT software £	Brand goodwill and licences £	Construction in progress £	**Total £**
Cost				
At 1 January 2022	1,900,757	500,000	–	**2,400,757**
Additions	–	–	431,088	**431,088**
At 31 December 2022	1,900,757	500,000	431,088	**2,831,845**
Amortisation				
At 1 January 2022	1,436,123	175,000	–	**1,611,123**
Charge for the year	239,967	–	–	**239,967**
Impairment losses	224,667	325,000	431,088	**980,755**
At 31 December 2022	1,900,757	500,000	431,088	**2,831,845**
Carrying amount				
At 31 December 2022	–	–	–	**–**
At 31 December 2021	464,634	325,000	–	789,634

Brand goodwill & licences relates to the UK business of Maxwell & Williams.

Construction in progress relates to IT software development work on new customer system interfaces and websites for placing direct orders and new product development software for integration into SAP. The assets will be amortised over their estimated useful lives of 5 years once development is complete and the software is commissioned in use.

All amortisation of intangible assets is included in administrative expenses in the profit and loss account.

Due to the continuing decline in turnover and gross profit and increased operating losses an impairment review was triggered. Management's lowered expectations of future revenue growth and profitability for the business have led to full impairment against all intangible assets. This impairment charge is recognised on the face of the profit and loss account.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

13. Tangible assets

	Short leasehold improvements £	Fixtures and fittings £	Motor vehicles £	**Total £**
Cost				
At 1 January 2022	5,423,644	878,414	54,124	**6,356,182**
Additions	25,106	79,527	–	**104,633**
At 31 December 2022	5,448,750	957,941	54,124	**6,460,815**
Depreciation				
At 1 January 2022	855,920	704,114	48,403	**1,608,437**
Charge for the year	368,478	85,600	1,912	**455,990**
Impairment losses	4,224,352	168,227	3,809	**4,396,388**
At 31 December 2022	5,448,750	957,941	54,124	**6,460,815**
Carrying amount				
At 31 December 2022	–	–	–	–
At 31 December 2021	4,567,724	174,300	5,721	4,747,745

Due to the continuing decline in turnover and gross profit and increased operating losses an impairment review was triggered. Management's lowered expectations of future revenue growth and profitability for the business have led to full impairment against all tangible assets. This impairment charge is recognised on the face of the profit and loss account.

14. Investments

	Shares in group undertakings £
Cost	
At 1 January 2022 and 31 December 2022	**4,000**
Impairment	
At 1 January 2022 and 31 December 2022	–
Carrying amount	
At 31 December 2022	**4,000**
At 31 December 2021	4,000

Subsidiaries, associates and other investments

Investments in subsidiaries comprises a 100% holdings in Kitchen Craft (Asia) Limited, registered office: Hong Kong Managers and Secretaries Limited, Units 1607-1608, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, which was dormant throughout the period.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

15. Stocks

	2022	2021
	£	£
Finished goods and goods for resale	**31,561,327**	31,098,972

16. Debtors

	2022	2021
	£	£
Trade debtors	**9,336,616**	14,904,294
Amounts owed by group undertakings	**7,271,095**	2,295,189
Prepayments and accrued income	**507,243**	249,186
Other debtors	**213,112**	415,296
	17,328,066	17,863,965

Amounts owed by group undertakings are repayable on demand.

Included in other debtors is £nil (2021: £340,784) of derivative financial instruments stated at fair value, further described in note 22.

17. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	**8,611,800**	–
Trade creditors	**3,335,537**	8,185,073
Amounts owed to group undertakings	**38,710,759**	6,476,750
Accruals and deferred income	**5,764,021**	8,485,691
Social security and other taxes	**7,713,900**	4,361,464
Other creditors	**231,779**	22,528
	64,367,796	27,531,506

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

Amounts owed to and loans from group undertakings are unsecured and repayable on demand.

Included in other creditors is £214,752 (2021: £nil) of derivative financial instruments stated at fair value, further described in note 22.

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

	2022	2021
	£	£
Amounts owed to group undertakings	**–**	25,899,834

Loans from group undertakings are unsecured and matured on March 2nd, 2023. The facility remains in place and is now repayable on demand and disclosed in creditors: amounts falling due within one year.

Lifetime Brands Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

19. Deferred tax

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022 £	2021 £
Accelerated capital allowances	–	296,981
Unused tax losses	–	(296,981)
	–	–

Deferred tax assets of £9,229,307 (2021: £5,447,357) relating to trading losses carried forwards are not recognised due to uncertainty about the timing of future taxable profits. These amounts are calculated at 25% (2021: 25%), the rate of UK corporation tax substantially enacted as at the balance sheet date.

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £356,484 (2021: £371,347).

The total amount of employee and employer pension contributions unpaid and included in other creditors was £nil (2021: £5,320)

21. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2022 £	2021 £
Recognised in other operating income:		
Government grants recognised directly in income	–	3,000

22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2022 £	2021 £
Financial assets measured at fair value through profit or loss		
Currency purchase forward contracts	–	340,784
Financial liabilities measured at fair value through profit or loss		
Currency purchase forward contracts	214,752	–
Financial liabilities measured at amortised cost		
Loans from group undertakings	32,951,705	25,899,834

22. Financial instruments *(continued)*

The total amount outstanding under currency purchase contracts at 31 December 2022 was the right to purchase USD $6,300,000 at fixed exchange rates across January to September 2023. These are measured on a mark-to-market basis at the balance sheet date, being the best evidence of fair value available.

Loans from group undertakings are denominated in USD. The total amount outstanding at 31 December 2022 was $39,887,050. Interest is payable and compounds quarterly and is charged to interest payable and similar expenses in the profit and loss account.

23. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	**£**	No.	£
Ordinary shares of £1 each	**690,000**	**690,000**	690,000	690,000

24. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	**1,932,749**	1,922,214
Later than 1 year and not later than 5 years	**7,633,135**	7,657,335
Later than 5 years	**10,971,478**	12,689,422
	20,537,362	22,268,971

26. Contingencies

At 31 December 2022 there were contingent liabilities of £125,000 (2021 £125,000) in respect of HM Revenue & Customs guarantees. From 1 July 2013 the company entered into an agreement with HMRC relating to outstanding liabilities for the bonded warehouse. Based on current compliance, the directors do not expect any claims to be made against this agreement.

In the normal course of the Company's business, claims, disputes and legal proceedings involving customers, agents, suppliers, employees or others are pending or may be brought against the Company in respect of past or current operations. The Company believes the impact of these claims and proceedings will be immaterial.

27. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Thomas Plant (Birmingham) Holdings Limited, a company incorporated in England. The ultimate parent undertaking and controlling party is Lifetime Brands, Inc, which is incorporated in Delaware, United States of America.

Lifetime Brands, Inc. is the parent undertaking of the largest and smallest group undertaking to consolidate these financial statements at 31 December 2022. The consolidated financial statements of Lifetime Brands, Inc. are available from 1000 Stewart Avenue, Garden City, New York 11530, United States of America.