

**Company Registration No. 04037228 (England and Wales)**

**UK THERMOS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**



# UK THERMOS LIMITED

## COMPANY INFORMATION

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | N J Kime<br>R J Dias<br>S Itoh<br>Y A Huang<br>Y Katoaka   |
| <b>Secretary</b>         | M Snape  |
| <b>Company number</b>    | 04037228   |
| <b>Registered office</b> | 1-2 Lockwood Park<br>Leeds<br>West Yorkshire<br>LS11 5UX   |
| <b>Auditor</b>           | RSM UK Audit LLP<br>Chartered Accountants<br>Central Square<br>5th Floor<br>29 Wellington Street<br>Leeds<br>LS1 4DL |
| <b>Bankers</b>           | Barclays Bank plc<br>1 Park Row<br>Leeds<br>LS1 5WU  |
| <b>Solicitors</b>        | Gordons LLP<br>Riverside West<br>Whitehall Road<br>Leeds<br>West Yorkshire<br>LS1 4AW                                |

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# **UK THERMOS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report for the year ended 31 December 2018.

#### **Business Review**

UK Thermos Limited is the UK distributor for Thermos branded vacuum, hydration and cooler products. The company is a subsidiary of King Warm Investments Limited (Hong Kong) and an affiliate of Thermos KK (Japan).

The channels of distribution include all major supermarkets, high street retailers, online, mail order, DIY, leisure, cash and carry, food service and independent traders. These channels continue to be developed and expanded.

The company continues to build on the sales growth of its branded products by extending its product range into existing retail channels, growing existing product lines and exploring relationships with new customers and new sectors. As part of the global Thermos group, the company develops current ranges along with bringing new and innovative products to market.

The income statement on page 7 shows turnover for the year of £17.189m, an increase on 2017. Overall Thermos sales were up 8% but overall turnover was affected by ending distribution of non-group owned products. Profit before tax and fair value currency gains was £1.759m.

The statement of financial position on page 8 of the financial statements shows the company's financial position at the year end. Debtors of £5.6m reflects the strong sales performance of the last quarter. Stock is £6.2m, up £0.8m on the previous year enabling greater customer order fulfilment.

#### **Risks and uncertainties**

Brexit uncertainties have continued throughout the year with resulting impact on economic growth, consumer confidence and sterling depreciation. Inflation continues to be above Bank of England monetary target. The company continued to build on the strength of our market leading brands together with our outstanding service levels to deliver growth but is mindful of the risks particularly increasing cost price. Maintaining strong and effective relationships with all stakeholders including our investors, suppliers, customers and our bank ensures the company is well placed to manage risks.

#### *Currency Risk*

The majority of goods purchased are in US\$ with sales largely in sterling. Foreign exchange risk is managed through forward purchase of currency contracts during the year however as at 31 December 2018 there are no forward purchases on currency contracts in place. As shown in the operating profit note on page 16 there has been a currency value gain of £482,403 compared with a gain of £389,278 in 2017.

#### *Credit Risk*

The company mainly trades with customers with whom it has a long standing relationship. Risk is further mitigated through credit risk insurance.

#### *Liquidity risks*

The company finances its operations through cash reserves and bank financing facilities. Cash flow is effectively managed through accurate purchasing forecasts and credit control.

# UK THERMOS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### Key Performance Indicators

The strategies implemented by the board for sales growth have resulted in Thermos product growth of 8% in 2018. As a result of ending distribution of non-group owned products, overall sales have slightly increased on 2017 levels.

Maintaining strong liquidity performance is a key aim of the board. Overall the key indicators show a continuing strong position and improving performance.

The current ratio remain in strong positive territory at 1.85 (1.5 2017) and the inventory holding period has increased from 135 days to 158 days to ensure greater availability of product lines.

### Future Developments

As part of the Thermos group we will continue to develop and enhance our relationship with our customers through excellent support and service as well as delivering market leading product innovation. In 2019 we look to add to our product portfolio complementing our existing distribution in the UK.

On behalf of the board



.....  
N J Kime  
Director

Date: 27.6.19.

# UK THERMOS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### Principal activities

The principal activity of the company continued to be that of a distributor supplying leading branded home and leisure products through multiple channels to UK wide retail and wholesale customers.

#### Directors

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

N J Kime  
R J Dias  
S Itoh  
Y A Huang  
Y Katoaka

#### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid in the year (2017 - £nil). The directors do not recommend payment of a final dividend.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions available for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 which previously would have been contained in the directors' report including financial risk management and future developments.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



N J Kime

Director

27.6.19

# **UK THERMOS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK THERMOS LIMITED

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### Opinion

We have audited the financial statements of UK Thermos Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, the Statement Of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2018 and of its profit 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. 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

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

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

### 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the strategic report and 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK THERMOS LIMITED (CONTINUED)

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### 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 and the directors' report.

We have nothing to report in respect of the following matters where 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 page 4, 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.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*RSM UK Audit LLP*

Daniel Varley (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Central Square

5th Floor

29 Wellington Street

Leeds

LS1 4DL

*28 June 2019*

# UK THERMOS LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

|   | Notes | 2018<br>£    | 2017<br>£    |
|---|-------|--------------|--------------|
| Turnover  | 3     | 17,189,487   | 17,169,513   |
| Cost of sales   |       | (14,167,827) | (14,503,385) |
| Gross profit  |       | 3,021,660    | 2,666,128    |
| Distribution costs  |       | (301,895)    | (306,627)    |
| Administrative expenses                                   |       | (926,621)    | (898,852)    |
| Operating profit  | 6     | 1,793,144    | 1,460,649    |
| Interest receivable and similar income                    |       | 86           | 32           |
| Interest payable and similar expenses                     | 7     | (34,705)     | (48,860)     |
| Fair value gains and losses on foreign exchange contracts |       | -            | (386,831)    |
| Profit before taxation                                    |       | 1,758,525    | 1,024,990    |
| Tax on profit   | 8     | (320,325)    | (230,775)    |
| Profit for the financial year                             |       | 1,438,200    | 794,215      |

**UK THERMOS LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

|   | Notes | 2018<br>£         | £                | 2017<br>£         | £                |
|---|-------|-------------------|------------------|-------------------|------------------|
| <b>Fixed assets</b>                                   |       |                   |                  |                   |                  |
| Intangible assets                                     | 9     |                   | 25,240           |                   | 42,637           |
| Tangible assets                                       | 10    |                   | 44,992           |                   | 39,359           |
|   |       |                   | <u>70,232</u>    |                   | <u>81,996</u>    |
| <b>Current assets</b>                                 |       |                   |                  |                   |                  |
| Stocks  | 11    | 6,153,180         |                  | 5,384,969         |                  |
| Debtors   | 12    | 5,633,543         |                  | 6,405,192         |                  |
| Cash at bank and in hand                              |       | 219,604           |                  | 134,005           |                  |
|   |       | <u>12,006,327</u> |                  | <u>11,924,166</u> |                  |
| <b>Creditors: amounts falling due within one year</b> | 13    | (6,489,857)       |                  | (7,857,660)       |                  |
| <b>Net current assets</b>                             |       |                   | <u>5,516,470</u> |                   | <u>4,066,506</u> |
| <b>Total assets less current liabilities</b>          |       |                   | <u>5,586,702</u> |                   | <u>4,148,502</u> |
| <b>Capital and reserves</b>                           |       |                   |                  |                   |                  |
| Called up share capital                               | 17    |                   | 159,575          |                   | 159,575          |
| Capital redemption reserve                            | 18    |                   | 127,930          |                   | 127,930          |
| Profit and loss reserves                              | 18    |                   | 5,299,197        |                   | 3,860,997        |
| <b>Total equity</b>                                   |       |                   | <u>5,586,702</u> |                   | <u>4,148,502</u> |

The financial statements were approved by the board of directors and authorised for issue on 27.6.19...  
and are signed on its behalf by:



.....  
N J Kime  
Director

# UK THERMOS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

|  | Share<br>capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£ |
|--|-----------------------|---------------------------------------|-------------------------------------|------------|
| Balance at 1 January 2017  | 159,575               | 127,930                               | 3,066,782                           | 3,354,287  |
| Year ended 31 December 2017:<br>Profit and total comprehensive income for the year | -                     | -                                     | 794,215                             | 794,215    |
| Balance at 31 December 2017  | 159,575               | 127,930                               | 3,860,997                           | 4,148,502  |
| Year ended 31 December 2018:<br>Profit and total comprehensive income for the year | -                     | -                                     | 1,438,200                           | 1,438,200  |
| Balance at 31 December 2018  | 159,575               | 127,930                               | 5,299,197                           | 5,586,702  |

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

UK Thermos Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is 1-2 Lockwood Park, Leeds, West Yorkshire, LS11 5UX.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of UK Thermos Holdings Limited. These consolidated financial statements are available from its registered office, 1-2 Lockwood Park, Leeds, West Yorkshire, LS11 5UX.

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

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 dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business combination are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

|          |                   |
|----------|-------------------|
| Software | 20% straight line |
|----------|-------------------|

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

|                                  |                   |
|----------------------------------|-------------------|
| Plant and machinery              | 20% straight line |
| Fixtures, fittings and equipment | 20% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### **Stocks**

Stocks are valued at the lower of cost and estimated selling price.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in 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. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***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 the company transfers the financial asset and substantially all the risks and rewards of ownership 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.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors (including accruals) and invoice discounting, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either creditors or debtors.

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### Stock provisioning

The company distributes branded home and leisure products to its customers. As a result it is necessary to consider the recoverability of the cost of stock and associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods. See note 11 for the net carrying amounts of the stock and note 6 for the impairment of stocks recognised.

#### 3 Turnover

An analysis of the company's turnover is as follows:

|   | 2018<br>£  | 2017<br>£  |
|---|------------|------------|
| <b>Turnover analysed by class of business</b>     |            |            |
| Distribution of branded home and leisure products | 17,189,487 | 17,169,513 |

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 3 Turnover (Continued)

#### Turnover analysed by geographical market

|                   | 2018<br>£         | 2017<br>£         |
|-------------------|-------------------|-------------------|
| United Kingdom    | 16,610,115        | 16,274,542        |
| Rest of Europe    | 317,590           | 266,303           |
| Rest of the World | 261,782           | 628,668           |
|                   | <u>17,189,487</u> | <u>17,169,513</u> |

### 4 Employees

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

|                      | 2018<br>Number | 2017<br>Number |
|----------------------|----------------|----------------|
| Production           | 4              | 5              |
| Sales & Distribution | 12             | 10             |
| Administrative       | 10             | 10             |
|                      | <u>26</u>      | <u>25</u>      |

Their aggregate remuneration comprised:

|                       | 2018<br>£        | 2017<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,100,586        | 1,041,437        |
| Social security costs | 131,593          | 123,989          |
| Pension costs         | 42,510           | 42,561           |
|                       | <u>1,274,689</u> | <u>1,207,987</u> |

### 5 Directors' remuneration

|   | 2018<br>£      | 2017<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 235,253        | 258,142        |
| Company pension contributions to defined contribution schemes | -              | 7,930          |
| Compensation for loss of office                               | -              | 6,325          |
|   | <u>235,253</u> | <u>272,397</u> |

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2017 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

|                                      | 2018<br>£ | 2017<br>£ |
|--------------------------------------|-----------|-----------|
| Remuneration for qualifying services | 235,253   | 177,330   |

### 6 Operating profit

|   | 2018<br>£  | 2017<br>£  |
|---|------------|------------|
| Operating profit for the year is stated after charging/(crediting):                       |            |            |
| Exchange gains  | (482,402)  | (389,278)  |
| Fees payable to the company's auditor for the audit of the company's financial statements | 15,935     | 15,175     |
| Depreciation of owned tangible fixed assets   | 23,288     | 22,912     |
| Loss on disposal of tangible fixed assets   | 3          | -          |
| Amortisation of intangible assets   | 21,252     | 21,984     |
| Cost of stocks recognised as an expense   | 13,331,970 | 13,758,840 |
| Impairment of stocks recognised or reversed   | 84,081     | 45,420     |
| Operating lease charges   | 183,912    | 150,768    |

### 7 Interest payable and similar expenses

|  | 2018<br>£ | 2017<br>£ |
|--|-----------|-----------|
| Interest on invoice finance arrangements | 34,705    | 48,285    |
| Other interest                           | -         | 575       |
|  | 34,705    | 48,860    |

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 8 Taxation

|  | 2018<br>£      | 2017<br>£       |
|--|----------------|-----------------|
| <b>Current tax</b>                                   |                |                 |
| UK corporation tax on profits for the current period | 323,400        | 278,941         |
| Adjustments in respect of prior periods              | -              | (286)           |
| <b>Total current tax</b>                             | <u>323,400</u> | <u>278,655</u>  |
| <b>Deferred tax</b>                                  |                |                 |
| Origination and reversal of timing differences       | (3,075)        | (71,513)        |
| Adjustment in respect of prior periods               | -              | 23,633          |
| <b>Total deferred tax</b>                            | <u>(3,075)</u> | <u>(47,880)</u> |
| <b>Total tax charge</b>                              | <u>320,325</u> | <u>230,775</u>  |

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

|  | 2018<br>£        | 2017<br>£        |
|--|------------------|------------------|
| Profit before taxation   | <u>1,758,525</u> | <u>1,024,990</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%) | 334,120          | 197,275          |
| Tax effect of expenses that are not deductible in determining taxable profit                         | -                | 552              |
| Tax effect of income not taxable in determining taxable profit                                       | (14,803)         | -                |
| Adjustments in respect of prior years  | -                | (286)            |
| Effect of change in corporation tax rate   | 362              | 9,451            |
| Group relief   | (11)             | (12)             |
| Depreciation on assets not qualifying for tax allowances   | 657              | 162              |
| Deferred tax adjustments in respect of prior years   | -                | 23,633           |
| <b>Taxation charge for the year</b>  | <u>320,325</u>   | <u>230,775</u>   |

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 9 Intangible fixed assets

|                                    | Software<br>£  |
|------------------------------------|----------------|
| <b>Cost</b>                        |                |
| At 1 January 2018                  | 431,130        |
| Additions - separately acquired    | 3,855          |
|                                    | <u>434,985</u> |
| At 31 December 2018                | 434,985        |
| <b>Amortisation and impairment</b> |                |
| At 1 January 2018                  | 388,493        |
| Amortisation charged for the year  | 21,252         |
|                                    | <u>409,745</u> |
| At 31 December 2018                | 409,745        |
| <b>Carrying amount</b>             |                |
| At 31 December 2018                | 25,240         |
|                                    | <u>42,637</u>  |
| At 31 December 2017                | <u>42,637</u>  |

The amortisation charge for the year is recognised within administrative expenses.

#### 10 Tangible fixed assets

|                                    | Plant and<br>machinery<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Total<br>£     |
|------------------------------------|-----------------------------|---|----------------|
| <b>Cost</b>                        |                             |   |                |
| At 1 January 2018                  | 103,471                     | 364,369                                     | 467,840        |
| Additions                          | -                           | 29,214                                      | 29,214         |
| Disposals                          | -                           | (320)                                       | (320)          |
|                                    | <u>103,471</u>              | <u>393,263</u>                              | <u>496,734</u> |
| At 31 December 2018                | 103,471                     | 393,263                                     | 496,734        |
| <b>Depreciation and impairment</b> |                             |   |                |
| At 1 January 2018                  | 103,182                     | 325,299                                     | 428,481        |
| Depreciation charged in the year   | 194                         | 23,094                                      | 23,288         |
| Eliminated in respect of disposals | -                           | (27)  | (27)           |
|                                    | <u>103,376</u>              | <u>348,366</u>                              | <u>451,742</u> |
| At 31 December 2018                | 103,376                     | 348,366                                     | 451,742        |
| <b>Carrying amount</b>             |                             |   |                |
| At 31 December 2018                | 95                          | 44,897                                      | 44,992         |
|                                    | <u>289</u>                  | <u>39,070</u>                               | <u>39,359</u>  |
| At 31 December 2017                | 289                         | 39,070                                      | 39,359         |

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Stocks

|                                     | 2018<br>£ | 2017<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 6,153,180 | 5,384,969 |

During the year, an impairment loss on finished goods of £84,081 (2017 - £45,420) was recognised within cost of sales. No earlier stock write downs have been reversed during the current, or preceeding, period.

### 12 Debtors

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 5,003,602 | 5,736,053 |
| Amounts owed by group undertakings          | 513,754   | 513,754   |
| Other debtors                               | -         | 1,327     |
| Prepayments and accrued income              | 77,916    | 118,862   |
|   | 5,595,272 | 6,369,996 |
| Deferred tax asset (note 15)                | 38,271    | 35,196    |
|   | 5,633,543 | 6,405,192 |

### 13 Creditors: amounts falling due within one year

|                                    | 2018<br>£ | 2017<br>£ |
|------------------------------------|-----------|-----------|
| Invoice discounting                | 696,654   | 2,416,002 |
| Trade creditors                    | 4,101,733 | 3,842,709 |
| Corporation tax                    | 194,426   | 154,940   |
| Other taxation and social security | 65,712    | 158,660   |
| Other creditors                    | 4,671     | 5,733     |
| Accruals and deferred income       | 1,426,661 | 1,279,616 |
|                                    | 6,489,857 | 7,857,660 |

The invoice discounting facility is secured against the assets of the company and the cross guarantee and debenture outlined in note 19.

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 14 Financial Instruments

##### *Foreign Exchange Forward Contracts*

The company makes significant purchases which are conducted in US Dollars. As a consequence the company uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows. The contracts can be exercised within a pre-determined date range, typically one month.

The contracts are valued based on available market data. The company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in profit or loss. During the period no fair value gain or loss (2017 - £386,831 loss) was recognised in profit or loss in respect of the forward exchange contracts.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the company has committed was £nil (2017 - £nil).

#### 15 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

|                                     | <b>Assets<br/>2018<br/>£</b> | <b>Assets<br/>2017<br/>£</b> |
|-------------------------------------|------------------------------|------------------------------|
| <b>Balances:</b>                    |                              |                              |
| Accelerated capital allowances      | (8,153)                      | (8,916)                      |
| Short term timing differences       | 46,424                       | 44,112                       |
|                                     | <u>38,271</u>                | <u>35,196</u>                |
|                                     |                              | <b>2018<br/>£</b>            |
| <b>Movements in the year:</b>       |                              |                              |
| Liability/(Asset) at 1 January 2018 |                              | (35,196)                     |
| Credit to profit or loss            |                              | (3,075)                      |
| Asset at 31 December 2018           |                              | <u>(38,271)</u>              |

#### 16 Retirement benefit schemes

|   | <b>2018<br/>£</b> | <b>2017<br/>£</b> |
|---|-------------------|-------------------|
| <b>Defined contribution schemes</b>                                 |                   |                   |
| Charge to profit or loss in respect of defined contribution schemes | 42,510            | 42,561            |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £5,154 (2017 - £5,105) were payable to the fund at the year end and are included in creditors.

# UK THERMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Share capital

|                                    | 2018<br>£      | 2017<br>£      |
|------------------------------------|----------------|----------------|
| <b>Ordinary share capital</b>      |                |                |
| <b>Issued and fully paid</b>       |                |                |
| 159,575 Ordinary shares of £1 each | 159,575        | 159,575        |
|                                    | <u>159,575</u> | <u>159,575</u> |

#### *Ordinary share rights*

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

### 18 Reserves

#### **Capital redemption reserve**

The nominal value of shares repurchased and still held at the end of the reporting period.

#### **Profit and loss reserves**

Cumulative profit and loss net of distributions to owners.

### 19 Financial commitments, guarantees and contingent liabilities

The banking facilities are secured under a cross guarantee and debenture between UK Thermos Limited and UK Thermos Holdings Limited dated 18 June 2010. The maximum exposure as at 31 December 2018 amounted to £696,654 (2017 - £2,416,002).

On behalf of the company, an indemnity has been given by Barclays Bank plc in favour of HM Revenue & Customs amounting to £75,000 (2017 - £75,000).

### 20 Operating lease commitments

#### **Lessee**

At the reporting date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2018<br>£      | 2017<br>£      |
|----------------------------|----------------|----------------|
| Within one year            | 153,432        | 145,423        |
| Between one and five years | 349,425        | 393,944        |
| In over five years         | -              | 54,815         |
|                            | <u>502,857</u> | <u>594,182</u> |

# **UK THERMOS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **21 Related party transactions**

During the prior year, sales amounting to £82,401 in the period to 31 May 2017 were made to Miage Limited, a company owned by C Armstead, a previous director of UK Thermos Limited until his resignation on 31 May 2017 when it ceased to be a related party.

During the year, purchases amounting to £95,745 (2017 - £344,176) were made from Alfi GmbH Isoliergefaesse, Metall - Und Haushaltswaren (Alfi GmbH), a company under common control. At the year end £17,153 (2017 - £107,266) was owed to Alfi GmbH and is included in creditors. The balances are unsecured, interest free and repayable on demand.

King Warm Investments Limited, a company incorporated in Hong Kong, has significant influence over UK Thermos Limited and over Thermos International Trading Limited. During the year, purchases amounting to £11,952,789 (2017 - £8,594,364) were made from Thermos International Trading Limited. At the year end £3,612,727 (2017 - £3,117,016) was owed to Thermos International Trading Limited and is included in creditors. The balances are on normal trading terms.

#### **22 Controlling party**

The immediate parent company is UK Thermos Holdings Limited and is the smallest company for which consolidated accounts including UK Thermos Limited are prepared.

King Warm Investments Limited, a company incorporated in Hong Kong, is the parent of UK Thermos Holdings Limited, and is the largest company for which consolidated accounts including UK Thermos Limited are prepared. Its office address is 8 On Ping Street, Unit 5, 7/F, Grantech Centre, Shek Mun Shatin, Hong Kong.