

Registered number: 05816563

ZWILLING J A HENCKELS (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



ZWILLING J A HENCKELS (UK) LIMITED

COMPANY INFORMATION

Directors	M Dennison (appointed 23 July 2019) V Herrmann N Linnenberg
Company secretary	M Dennison
Registered number	05816563
Registered office	Ashleys (Hitchin) Limited Invision House Wilbury Way Hitchin Herts SG4 0TY
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Pl Charing Cross London WC2N 6RH

ZWILLING J A HENCKELS (UK) LIMITED

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ZWILLING J A HENCKELS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

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

In preparing these financial statements, the directors are required to:

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

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

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

Director' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activities

The principal activity of the Company continues to be the marketing and distribution of kitchenware in the United Kingdom. There have not been any significant changes to the company's principal activity in the financial year under review and the directors are not aware of any likely changes in the next financial year.

Results and dividends

The loss for the financial year was £117,410 (2018 - loss £327,097). The directors do not recommend the payment of a final dividend (2018: £nil).

ZWILLING J A HENCKELS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Directors

The directors who served during the year were:

M Dennison (appointed 23 July 2019)
V Herrmann
N Linnenberg

Future developments

The Covid-19 pandemic at the start of 2020 has brought about a significant change to the company's business in both the short and mid-term. All stores were closed from 23rd March 2020 to 15th June 2020, which has led to a significant drop in retail sales. All stores had to close for a second time as of 4th November 2020, and they remain closed with a view to reopen again on 2nd December 2020. The web-shop remains open and we are actively creating further push to drive sales that is already seeing a doubling in turnover in the online shop over last year. Increased focus has been placed on marketing and content for Amazon to ensure that we can maximise turnover during the recovery period. All store staff and consultants are on furlough leave in guidance with the governments Coronavirus Job Retention Scheme. Key employees working in the warehouse, administration and management are still active and where possible working from home to maintain social distancing in line with government guidelines. In order to minimise the overall risk Zwilling UK will keep careful consideration to cashflows, whilst applying for the grant available from the government for Retail, Hospitality and Leisure. Brexit brings some uncertainty not only with the overall economy for the UK but also some increased challenges that are a direct result. In order to minimise this Zwilling UK will keep careful consideration to overall stock levels to ensure that effects from any possible border delays in receipting goods is minimised. In addition with concerns over currency should a no deal option look materially likely we will take consideration of any hedging requirements with our parent company to minimise any immediate dramatic effects.

Going concern

On the basis of their assessment of the Company's financial position, resources, and future cash flows, the directors believe that the Company is well placed to manage its business risks, additionally the directors received a letter of support from Wilh. Verhahn KG, confirming it will meet the Company's financial obligations as they fall due for the foreseeable future, but at a minimum for a period of 12 months from the date of approval of these financial statements. Based on the above the directors consider it appropriate to prepare the financial statements on the going concern basis. The net assets of the Company at 31 December 2019 were £1,295,044 (2018: £1,412,454).

Strategic report

The directors have taken advantage of the exemption to prepare a strategic report under section 414B of the Companies Act 2006 (Strategic Report and Directors' Report).

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

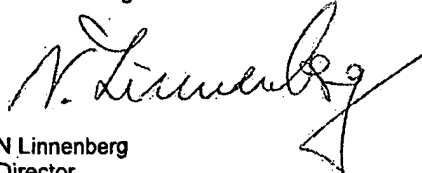
ZWILLING J A HENCKELS (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

This report was approved by the board on 24 November 2020 and signed on its behalf.



M Dennison
Director



N Linnenberg
Director

Independent auditors' report to the members of Zwilling J A Henckels (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Zwilling J A Henckels (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Katherine Birch-Evans

Katherine Birch-Evans (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24 November 2020

ZWILLING J A HENCKELS (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	5	5,651,285	4,704,665
Cost of sales		(2,505,947)	(2,328,302)
Gross profit		3,145,338	2,376,363
Administrative expenses		(3,430,802)	(2,887,098)
Other operating income		156,257	104,851
Operating loss	6	(129,207)	(405,884)
Interest receivable and similar income		-	4,079
Interest payable and similar expenses	8	(15,305)	(4,970)
Loss before tax		(144,512)	(406,775)
Tax on loss	9	27,102	79,678
Loss for the financial year		(117,410)	(327,097)
Other comprehensive expense for the year			
Total comprehensive expense for the year		(117,410)	(327,097)

The notes on pages 9 to 23 form part of these financial statements.

ZWILLING J A HENCKELS (UK) LIMITED
REGISTERED NUMBER: 05816563

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
	10	306,357	174,860
		<u>306,357</u>	<u>174,860</u>
Current assets			
Stocks	11	983,749	929,437
Debtors: amounts falling due after more than one year	12	258,926	258,426
Debtors: amounts falling due within one year	12	1,399,322	686,206
Cash at bank and in hand		441,672	574,188
		<u>3,083,669</u>	<u>2,448,257</u>
Creditors: amounts falling due within one year	13	(2,094,982)	(1,210,663)
Net current assets		<u>988,687</u>	<u>1,237,594</u>
Total assets less current liabilities		<u>1,295,044</u>	<u>1,412,454</u>
Net assets		<u>1,295,044</u>	<u>1,412,454</u>
Capital and reserves			
Called up share capital	15	250,000	250,000
Other reserves		750,000	750,000
Profit and loss account		295,044	412,454
		<u>1,295,044</u>	<u>1,412,454</u>

The Company's financial statements on pages 6 to 23 have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 6 to 23 were approved and authorised for issue by the board and were signed on its behalf on 24 November 2020.


M Dennison
 Director


N Linnenberg
 Director

ZWILLING J A HENCKELS (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
At 1 January 2019	250,000	750,000	412,454	1,412,454
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(117,410)	(117,410)
Total comprehensive expense for the financial year	-	-	-	-
Total comprehensive expense for the financial year	-	-	(117,410)	(117,410)
Total transactions with owners	-	-	-	-
At 31 December 2019	250,000	750,000	295,044	1,295,044

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

	Called up share capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
At 1 January 2018	250,000	750,000	739,551	1,739,551
Comprehensive Income for the financial year				
Profit for the financial year	-	-	(327,097)	(327,097)
Total comprehensive income for the financial year	-	-	-	-
Total comprehensive income for the financial year	-	-	(327,097)	(327,097)
Total transactions with owners	-	-	-	-
At 31 December 2018	250,000	750,000	412,454	1,412,454

The notes on pages 9 to 23 form part of these financial statements.

ZWILLING J A HENCKELS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Zwilling J A Henckels (UK) Limited is a private company limited by shares, incorporated in Hertfordshire in England, registration number 05816563. The registered office is C/O Ashleys (Hitchin) Limited, Invision House, Wilbury Way, Hitchin, Herts, SG4 0TY.

The Company is a wholly owned subsidiary of Wilh. Werhahn KG, a company incorporated in Germany.

2. Statement of compliance

The individual financial statements of Zwilling J A Henckels (UK) Limited have been prepared in a compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company adopted FRS 102 in these financial statements.

3.1 Basis of preparation

The financial statements are prepared on the going concern basis under the historical cost convention.

At the year end there were no material uncertainties related to events or conditions that cast significant doubt on the ability of the company to continue in existence. The directors believe the company is a going concern.

3.2 Exemptions from qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions.

The Company has taken advantage of the following exemptions in its individual financial statements:

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

This information is included in the consolidated financial statements of Wilh. Werhahn KG as at 31 December 2019 and these financial statements may be obtained from Wilh. Werhahn KG, Königstraße 1, 41460 Neuss, Germany.

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Summary of significant accounting policies (continued)

3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or service rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

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

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

(i) Sale of goods – wholesale

The Company markets and distributes a range of kitchenware in the wholesale market. Sales of goods are recognised on collection by or delivery to the wholesaler, when the wholesaler has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the wholesaler, the risks of obsolescence or loss have been transferred to the wholesaler, the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Goods sold to wholesalers are sometimes sold with volume rebates and also with the provision for the wholesale customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Volume rebates are assessed based on anticipated annual purchases. Accumulated experience is used to estimate and provide for the discounts and returns.

Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

(ii) Sale of goods – retail

The Company operates retail shops for the sale of kitchenware. Sales of goods are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment card.

Sales are made to retail customers with a right to return within 28 days, subject to certain conditions regarding the usage. Accumulated experience is used to estimate and provide for such returns at the time of sale.

The Company does not operate any loyalty programmes.

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Summary of significant accounting policies (continued)

3.3 Revenue recognition (continued)

(iii) Sale of goods – internet based transactions

The Company sells goods via its website for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory is passed to the customer. For deliveries to the customer this is the point of acceptance of the goods by the customer. Transactions are settled by credit or payment card.

Provision is made for credit notes based on the expected level of returns which is based on the historical experience of returns.

3.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Fixtures & fittings	- 20-33% straight line
Office equipment	- 25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

3.5 Cash and cash equivalents

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

3.6 Inventories

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

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

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Summary of significant accounting policies (continued)

3.7 Financial instruments

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

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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 the statement of comprehensive income.

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

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 receipts discounted at a market rate of interest.

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

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

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

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Summary of significant accounting policies (continued)

3.8 Impairment of non-financial assets

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

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

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

3.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Summary of significant accounting policies (continued)

3.10 Finance costs

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

3.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

3.12 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

3.13 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

3.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Summary of significant accounting policies (continued)

3.15 Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

The Company operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable obligation can be made.

3.16 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Summary of significant accounting policies (continued)

3.17 Share capital

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

3.18 Related party transactions

The Company discloses transactions with related parties which are not wholly owned by Wilh. Werhahn KG. It does not disclose transactions with other group companies wholly owned by Wilh. Werhahn KG.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies include:

There are no areas within the financial statements where management has been required to apply a critical judgement.

(b) Critical accounting estimates and assumptions

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

i) Impairment of debtors - the Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

ii) Inventory provisioning - the Company markets and distributes kitchenware and beauty tools and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When assessing the requirement for an inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods. See note 11 for the net carrying amount of the inventory and associated provision.

iii) Tangible fixed assets - The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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5. Turnover

Turnover is attributable to the sale of goods.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	5,322,481	4,543,410
Rest of Europe	300,367	156,524
Rest of the world	28,437	4,731
	<u>5,651,285</u>	<u>4,704,665</u>

6. Operating loss

Operating (loss) is stated after (crediting)/charging:

	2019 £	2018 £
Exchange differences	(4,089)	17,111
Other operating lease rentals	494,568	437,909
	<u>494,568</u>	<u>437,909</u>

Fees payable to the Company's auditors for the audit of the Company's annual financial statements was £30,000 (2018: £30,000)

7. Employees and directors

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,398,784	1,137,994
Social security costs	132,032	115,390
Other pension costs	61,455	51,886
	<u>1,592,271</u>	<u>1,305,270</u>

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Administration	14	14
Sales	45	42
	59	56

Directors remuneration

The company has three directors with a total remuneration of £189,339.

8. Interest payable and similar expenses

	2019	2018
	£	£
Interest on amounts owed to group undertakings	15,305	4,970
	15,305	4,970

9. Tax on loss

The tax (credit) for the year comprises:

	2019	2018
	£	£
Corporation tax		
Adjustments in respect of prior periods	-	(2,616)
Total current tax	-	(2,616)
Deferred tax		
Origination and reversal of timing differences	(27,102)	(77,062)
Total deferred tax	(27,102)	(77,062)
Tax on loss	(27,102)	(79,678)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Tax on loss (continued)

Factors affecting tax (credit) for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(144,512)</u>	<u>(406,775)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(27,457)	(77,287)
Effects of:		
Capital allowances for year in excess of depreciation	27,810	(2,391)
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	(353)	-
Deferred tax	(27,102)	-
Total tax credit for the year	<u>(27,102)</u>	<u>(79,678)</u>

Tax rate changes

A change to the UK corporation tax rate was substantively enacted as part of the Finance Act 2016 on 15 September 2016. This included a reduction to the main rate to reduce it to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements. The corporation tax rate from was reduced to 19% from 1 April 2018 (previously 20%) but will no longer be reduced to 17% as stated above. Although the Finance Bill 2020 is yet to be debated, following the parliamentary debate that followed the Chancellor's Budget announcement, a Budget resolution has been passed under the Provisional Collection of Taxes Act 1968 with statutory effect. It is therefore appropriate for the 19% rate to be used for the purposes of calculating tax balances in the financial statements for accounting periods ended on or after 17 March 2020, the 17% rate before this.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Tangible assets

	Fixtures & fittings £	Office equipment £	Total £
Cost			
At 1 January 2019	1,051,300	59,587	1,110,887
Additions	235,353	-	235,353
Disposals	(84,407)	-	(84,407)
At 31 December 2019	<u>1,202,246</u>	<u>59,587</u>	<u>1,261,833</u>
Depreciation			
At 1 January 2019	876,440	59,587	936,027
Charge for the year on owned assets	103,856	-	103,856
Disposals	(84,407)	-	(84,407)
At 31 December 2019	<u>895,889</u>	<u>59,587</u>	<u>955,476</u>
Net book value			
At 31 December 2019	<u>306,357</u>	<u>-</u>	<u>306,357</u>
At 31 December 2018	<u>174,860</u>	<u>-</u>	<u>174,860</u>

11. Stocks

	2019 £	2018 £
Finished goods	983,749	929,437
	<u>983,749</u>	<u>929,437</u>

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	258,926	258,426
	258,926	258,426

Other debtors relate to rent deposits on the leases due back to Zwilling.

	2019 £	2018 £
Due within one year		
Trade debtors	1,064,595	411,835
Amounts owed by group undertakings	130,531	107,389
Deferred taxation	95,126	68,024
Prepayments and accrued income	109,070	98,958
	1,399,322	686,206

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

13. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	1,632	-
Trade creditors	84,373	84,409
Amounts owed to group undertakings	1,279,841	694,847
Other taxation and social security	374,281	229,561
Other creditors	8,896	6,766
Accruals and deferred income	345,959	195,080
	2,094,982	1,210,663

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Deferred taxation

	2019 £
At beginning of year	68,024
Credited to profit or loss	27,102
At end of year	<u>95,126</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	95,126	68,024
	<u>95,126</u>	<u>68,024</u>

15. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
250,000 (2018 - 250,000) (2017: 250,000) Ordinary shares of £1.00 each	<u>250,000</u>	<u>250,000</u>

During the year there were no allotment of shares.

16. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £61,455 (2018 - £51,886). Contributions totalling £8,623 (2018 - £6,766) were payable to the fund at the reporting date.

ZWILLING J A HENCKELS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Commitments under operating leases

At the reporting year end date, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	508,639	434,915
Later than 1 year and not later than 5 years	1,398,570	1,440,549
Later than 5 years	572,702	860,716
	<u>2,479,911</u>	<u>2,736,180</u>

18. Related party transactions

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is £189,339 (2018 - £182,236).

In addition, pension contributions totalling £21,989 (2018 - £21,383), were paid to the defined contributions pension scheme the company operates on behalf of the key management personnel.

There are no transactions with related parties not wholly owned by the Group headed by Wilh. Werhahn KG. The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Wilh. Werhahn KG.

19. Controlling party

The immediate parent company is ZWILLING International GmbH, incorporated in Germany.

The ultimate parent undertaking and ultimate controlling party of the Company for the period under review was Wilh. Werhahn KG, incorporated in Germany. Copies of the consolidated financial statements are available to the public and may be obtained from Wilh. Werhahn KG, Königstraße 1, 41460 Neuss, Germany.

20. Post Balance sheet events

The Covid-19 pandemic at the start of 2020 has brought about a significant change to the company's business in both the short and mid-term. This event has been assessed by management as non-adjusting event as it took place post year end. Please refer to the business outlook and going concern sections in the directors report for further information.