

Registered number: 05085291

NIKO (INT) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



NIKO (INT) LIMITED

COMPANY INFORMATION

Directors	D Cullen M Duggleby RL Jackson A Wood
Registered number	05085291
Registered office	Hamnett House Gibbet Street Halifax West Yorkshire HX2 0AX
Independent auditors	PKF Littlejohn LLP Statutory auditor 15 Westferry Circus Canary Wharf London E14 4HD

NIKO (INT) LIMITED

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NIKO (INT) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The Directors present their Annual Report and Financial Statements for year ended 31 December 2020.

Principal activity

The principal activities of the Company are research, development, design, testing, manufacturing, sourcing and distribution of bathroom products. The Company is also the innovation hub for the Roxor Group of companies.

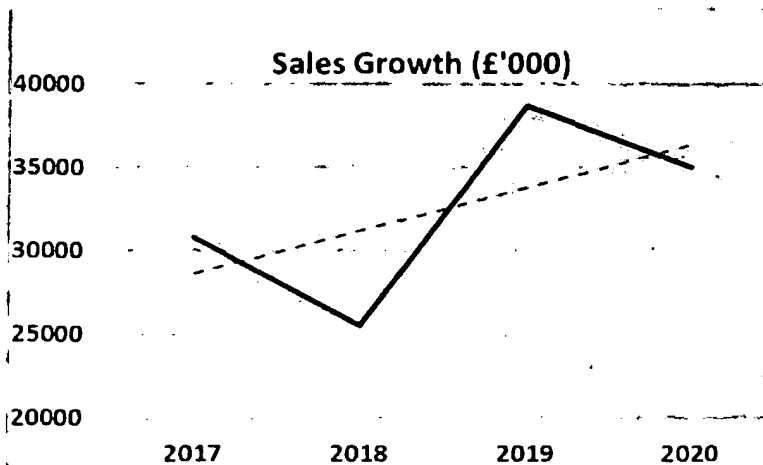
Business review

Fair review of the business

The Company performed exceptionally well during the year – particularly when viewed in the context of the unprecedented challenges faced due to the global (COVID-19) pandemic.

Sales during the year at £35.0m (2019: £38.7m) recovered well after the severe impact of the 1st UK national lockdown in April/May 2020 finishing the year strongly as the sales into the on-line (home improvements) retail sector experienced sustained growth.

Profitability during the year (measured in terms of EBITDA (the KPI used by the Directors and defined as profit before tax and interest adjusted for depreciation, amortisation, and exceptional items)) increased significantly to £2.3m (2019: £0.1m). This improvement in profitability was driven by a pricing strategy focused on gross margin performance. Gross margin (defined as gross profit/sales) improved to 13.9% (2019: 7.6%).



The underlying Sales growth (taking account of the exceptional impact of the pandemic on 2020) highlights the Company's progress over recent years.

The underlying Profitability of the Company (EBITDA) is highlighted in the table opposite with 2020 representing a record performance for the business.

	2017 £'000	2018 £'000	2019 £'000	2020 £'000
SALES	30,778	25,501	38,654	34,964
EBITDA	1,564	118	146	2,295

The Company continues to invest heavily in research and development focussing on innovation to create new and exciting products. This focus on innovation and the associated launch of new products is instrumental in maintaining the Company's reputation in the marketplace and supports the strong underlying sales growth evident over recent years.

NIKO (INT) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

The success of the Business Strategy is measured by the Directors against the following two financial key performance indicators and three non-financial key performance indicators:

- ***Underlying Sales Growth*** (measured in absolute terms);
- ***Profit Improvements*** (measured by growth in EBITDA);
- ***Quality Improvements*** (measured against a series of quality metrics);
- ***Environmental Compliance*** (measured against legal and best practice obligations); and
- ***Health & Safety Compliance*** (measured against legal and best practice obligations).

Principal risks and uncertainties

Market risk

One of the major risks to the business is customer loss through non-competitive pricing. The Company has mitigated this risk by closely monitoring and analysing the bathroom market and then managing the whole supply chain and therefore ensuring continuing quality at a competitive price.

Financial risk

Financial risks are managed through internal management controls, regular, timely and accurate management information and by carefully monitoring the prices and forecast production requirements. In the short to medium term it is the Directors' opinion that the present interest charged will not materially change, therefore no direct management is required. This position is reviewed quarterly.

Operational risk

The company has solid reporting systems which have been significantly enhanced over the period and produces timely and accurate management information which is consistently reviewed by the Directors.

Foreign exchange

The Company is a significant importer of stock. Exchange risk through is managed by foreign exchange management in conjunction with its UK banking partners which is supported by natural hedged position brought about by trading in both Sterling and US\$.

NIKO (INT) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Section 172 Companies Act Report

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 being:

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Company.

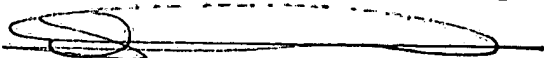
Each of the Directors is mindful of their duties under section 172 (s172) to run the Company for the benefit of its shareholders, and in doing so, to take into account the long-term impact of any decisions on stakeholder relationships and the impact of its activities on its reputation for high standards of business conduct. The Company can only grow and prosper sustainably if it conducts itself in a responsible manner and has positive relationships with all stakeholders. This has been more evident than ever through the Covid-19 crisis, as we balanced both short and long-term considerations, the need to preserve our financial stability, to protect our most vulnerable stakeholders, and to contribute to the national effort to combat the virus. Throughout the crisis we listened carefully to our customers, colleagues, suppliers and shareholders, and drew on their support and commitment as we protected and started to rebuild our business.

Most of the day-to-day decision making and stakeholder engagement is carried out by the senior leadership team at the business level, but more material matters require the attention of the Board where decisions are considered through formal Board processes (including engagement with stakeholders).

The Directors ensure that the requirements of s172 Companies Act 2006 are met and that the interests of all stakeholder groups are considered through actions which include:

- Formal monthly board meetings which include a monthly Executive Report covering all key financial and operational matters (including health & safety, environmental issues and legislative compliance). Minutes for these meetings are taken and used to record matters discussed and actions agreed.
- Formal strategy meetings (including when setting annual budgets and where necessary rolling 12-month forecasts). The meetings identify the business priorities and executive accountability for delivery.
- Monthly submissions of financial information to stakeholders (including shareholders and the bank);
- Regular engagement with all key stakeholders including key suppliers, major customers, the local community and the relevant regulatory authorities.
- Regular engagement with colleagues through quarterly presentations and regular newsletters and updates.

This report was approved by the Board on 31st May 2021 and signed on its behalf by:



D Cullen
Director

NIKO (INT) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors

The directors who served during the year were:

D Cullen
M Duggleby
RL Jackson
A Wood

Directors' insurance and indemnities

The company has maintained throughout the period Directors' liability insurance for the benefit of the Company and its Directors. The company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the period and remain in force

Employment of disabled persons

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. In the event of members of staff becoming disabled the company will ensure that every effort is made to retain the staff in employment within the company and appropriate training is provided to promote their career development within the company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Employee involvement

Meetings are held as necessary across the management team and between management and employees to discuss matters of concern. Employees are kept informed about the progress and position of the company by means of departmental meetings.

Dividends

The directors have proposed a dividend for the period of £NIL (2019: £NIL).

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Subsequent events

There were no significant subsequent events that related to Niko (Int) Limited.

Research and Development

The company continues to invest in research and development with the development of new and innovative products and processes.

Disclosure of information in the Strategic Report

Certain information required by the Companies Act 2006 to be included in the Directors' Report has been excluded on the basis that it is included in the Strategic Report.

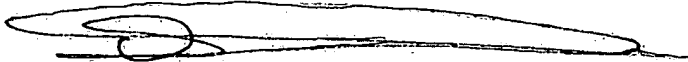
NIKO (INT) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Auditors

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

This report was approved by the board on 31st May 2021 and signed on its behalf.



D Cullen
Director

NIKO (INT) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Included where no separate statement on going concern is made by the directors.

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. 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.

NIKO (INT) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIKO (INT) LIMITED

Opinion

We have audited the financial statements of Sustainable Biomass Program Limited (the 'Company') for the year ended 31 December 2020 which comprise Statement of income and retained earnings, the Balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of the company's profit for the year then ended;
- *have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- 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

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

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

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

NIKO (INT) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIKO (INT) LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the company 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 company 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

NIKO (INT) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIKO (INT) LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below:

- We obtained an understanding of the company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, Financial Reporting Standard 102, product safety regulations and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - o enquiries of management.
 - o review of board minutes.
 - o review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls and that the potential for management bias was identified in relation to stock provisioning and we addressed this by challenging the assumptions and judgements made by management when auditing significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

NIKO (INT) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIKO (INT) LIMITED

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.

Eric Hindson

Eric Hindson (Senior Statutory Auditor)

For and on behalf of

PKF Littlejohn LLP

Statutory auditor

15 Westferry Circus

Canary Wharf

London

E14 4HD

Date: 31 May 2021

NIKO (INT) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	34,964	38,654
Cost of sales		(31,297)	(35,688)
Gross profit		<u>3,667</u>	<u>2,966</u>
Distribution costs		(152)	(93)
Administrative expenses		(1,220)	(2,727)
Operating profit before depreciation, amortisation and exceptional costs	5	<u>2,295</u>	<u>146</u>
Depreciation and amortisation		(276)	(374)
Exceptional cost		-	(98)
Profit/(loss) on ordinary activities before interest		<u>2,019</u>	<u>(326)</u>
Interest payable and expenses	8	(157)	(202)
Profit/(loss) on ordinary activities before taxation		<u>1,862</u>	<u>(528)</u>
Tax on profit/(loss)		(25)	574
Profit for the financial year		<u><u>1,837</u></u>	<u><u>46</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income. Turnover and operating loss derive wholly from continuing operations.

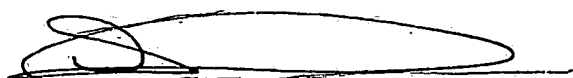
The notes on pages 14 to 29 form part of these financial statements.

NIKO (INT) LIMITED
REGISTERED NUMBER: 05085291

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	10	50	101
Tangible assets	11	940	1,038
Investments	12	-	-
		<u>990</u>	<u>1,139</u>
Current assets			
Stocks	13	647	694
Debtors: amounts falling due within one year	14	19,039	19,513
Cash at bank and in hand		1,057	461
		<u>20,743</u>	<u>20,668</u>
Creditors: amounts falling due within one year	15	(17,968)	(19,743)
		<u>2,775</u>	<u>925</u>
Net current assets			
		<u>3,765</u>	<u>2,064</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	16	(53)	(142)
Provisions for liabilities			
Deferred tax	18	45	(2)
		<u>45</u>	<u>(2)</u>
Net assets			
		<u>3,757</u>	<u>1,920</u>
Capital and reserves			
Share capital	19	-	-
Profit and loss account	20	3,757	1,920
		<u>3,757</u>	<u>1,920</u>
Shareholders' funds			
		<u>3,757</u>	<u>1,920</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



31-5-2021

D Cullen
 Director

The notes on pages 14 to 29 form part of these financial statements.

NIKO (INT) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	1,874	1,874
Total comprehensive income for the year		
Profit for the year	46	46
Balance at 1 January 2020	1,920	1,920
Total comprehensive income for the year		
Profit for the year	1,837	1,837
Balance at 31 December 2020	3,757	3,757

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Niko (Int) Limited (the "company") is a company limited by shares and incorporated and domiciled in the England.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. The accounting reference date is 31 December 2020.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company's ultimate parent undertaking, Roxor Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Roxor Group Limited are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Disclosures in respect of related party transactions with fellow group undertakings;
- Key Management Personnel compensation; and
- Presentation of a Cash Flow Statement.

The financial statements have been prepared under the historical cost convention.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared Group cash flow forecasts (which include the cash flows relating to the Company) for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The downside scenario assumed by the Directors includes an assumed 2-month national lockdown during which the loss of revenue has been modelled consistent with the revenue actually lost during the UK national lock down in April and May 2020. The Company is registered as an "essential business" with the UK Government (as a supplier of sanitary products to the Crown) and was allowed to continue to trade through the UK national lockdown in April and May 2020. The downside scenario assumes that this status (and the authority to operate) continues. The business cashflows and headroom under the downside scenario are sufficient to meet the liabilities of the business across the 12-month review period. The banking facilities of the group (which includes the Company) are renewed annually with the next review due in June 2021. The Directors expect these banking facilities to be renewed. There are no banking covenants and forecast Group headroom in the downside scenario across the review period does not fall below £4.0m.

Company Sales (unaudited) in the four months to 30 April 2021 of £12.1m are £4.2m higher than the budget (on which the cash forecast have been based). Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.2 Turnover

The turnover in the profit and loss account represents amounts chargeable, net of value added tax in respect of the sale of goods to customers. The sale of goods is recognised at the point they are dispatched.

2.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairments losses.

Amortisation is provided on intangible fixed assets to write off the cost, less any estimated residual value, over their expected useful economic.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Development expenditure	-	20 % straight line basis
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2.4 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:

Plant and machinery	-	10-25% per annum straight line
Motor vehicles	-	20-33% per annum straight line
Fixtures and fittings	-	25% per annum 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 profit or loss.

2.5 Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits and are amortised on the straight-line basis over the anticipated life of the benefits arising from the completed product or project.

Capitalised development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any research and development cost is written off to the Profit & Loss account.

2.7 Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value, after due regard for obsolete and slow-moving stocks. Cost is defined as purchase cost plus any direct costs associated with bringing stock to its present condition and location. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 Balance Sheet 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 balance sheet date.

2.9 Foreign currency translation

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account. Exchange differences relating to trading balances are recognised in cost of sales and differences arising from retranslation of financing arrangements are recorded in other financing costs.

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

2.11 Pensions

Defined contribution pension plan

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

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

2.12 Finance costs

Finance costs are charged to profit or loss 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.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 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.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.16 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest in the profit and loss account.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements made by the directors, in the application of these accounting policies, do not have a significant effect on the financial statements and there are no estimates with a significant risk of material adjustment in the next year.

Stock provision

The Company designs, manufactures, procures, distributes and sells bathroom products and is subject to changing consumer demands and trends. As a result it is necessary to consider the recoverability of the cost of stock and the 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 and future usage of raw materials. See note 13 for the net carrying amount of the stock and associated provision.

4. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. During the year, 16.9% of the Company's turnover related to exports (2019: 21.3%).

	2020 £000	2019 £000
United Kingdom	29,059	30,434
Europe	563	1,090
Rest of world	5,342	7,130
	<u>34,964</u>	<u>38,654</u>

NIKO (INT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2020	2019
	£000	£000
Operating leases – plant & machinery and motor vehicles	42	31
Operating leases – land & buildings	294	285
Auditor's remuneration	34	20
Depreciation of owned assets	214	338
Depreciation of assets held under finance lease and hire purchase contracts	18	18
Amortisation of owned assets	51	18
Exceptional costs – Redundancy and staff related costs	16	98

6. Employees

The aggregate payroll costs were as follows:

	2020	2019
	£000	£000
Wages and salaries	2,805	2,830
Social security costs	281	260
Staff pension costs	89	70
	<u>3,175</u>	<u>3,160</u>

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	2020	2019
	No.	No.
Administration and support	12	12
Production	62	60
Sales, marketing and distribution	11	18
	<u>85</u>	<u>90</u>

NIKO (INT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Directors' remuneration

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

	2020	2019
	£000	£000
Remuneration	374	369
Company contributions paid to money purchase schemes	-	14
	374	383

During the period, the number of directors who were receiving benefits and share incentives was as follows:

	2020	2019
	No.	No.
Accruing benefits under money purchase pension schemes	-	1

In respect of the highest paid director:

	2020	2019
	£000	£000
Remuneration	298	298
	298	298

No pension contributions were paid in respect of this director £Nil (2019: £Nil)

8. Interest payable and similar expenses

	2020	2019
	£000	£000
Interest on bank borrowings	118	161
Interest on other loans	10	14
Other finance costs	29	27
	157	202

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Taxation

	2020 £000	2019 £000
Corporation tax		
Research and development tax credits	(21)	(384)
Current tax charge/(credit) on profit/(loss)	-	-
Adjustment in respect of prior periods	93	5
Total current tax charge/(credit)	72	(379)
Deferred tax		
Origination and reversal of timing differences	(47)	(195)
Total tax (credit)/charge	25	(574)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit/(loss) on ordinary activities before tax	1,862	(528)
Corporation tax at standard rate	354	(100)
Research and development tax credits	(285)	(539)
Adjustment in respect of prior periods	51	(55)
Rate changes	(15)	-
Expenses not deductible for tax purposes	21	20
Other adjustments	253	-
Total tax (credit)/charge	25	(574)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NIKO (INT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Intangible assets

	Development expenditure £000
Cost	
At 1 January 2020	324
At 31 December 2020	<u>324</u>
Amortisation	
At 1 January 2020	223
Charge for the year on owned assets	51
At 31 December 2020	<u>274</u>
Net book value	
At 31 December 2020	<u>50</u>
At 31 December 2019	<u>101</u>

NIKO (INT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2020	1,879	1,732	6	3,617
Additions	121	6	-	127
At 31 December 2020	<u>2,000</u>	<u>1,738</u>	<u>6</u>	<u>3,744</u>
Depreciation				
At 1 January 2020	1,263	1,310	6	2,579
Charge for the year on owned assets	180	45	-	225
At 31 December 2020	<u>1,443</u>	<u>1,355</u>	<u>6</u>	<u>2,804</u>
Net book value				
At 31 December 2020	<u>557</u>	<u>383</u>	<u>-</u>	<u>940</u>
At 31 December 2019	<u>616</u>	<u>422</u>	<u>-</u>	<u>1,038</u>

Hire purchase and finance lease assets

Included within the net book value of tangible fixed assets is £137k (2019: £151k) in respect of assets held under hire purchase or finance lease agreements. Depreciation for the period on these assets was £18k (2019: £18k).

NIKO (INT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Investments held as fixed assets

	Participating interest £000
Cost or valuation	
At 1 January 2020	10
At 31 December 2020	<u>10</u>
Impairment	
At 1 January 2020	10
At 31 December 2020	<u>10</u>
Net book value	
At 31 December 2020	<u><u>-</u></u>
At 31 December 2019	<u><u>-</u></u>

Participating interests

At 31 December 2020 Niko (Int) Limited held 25%, \$5 of the issued ordinary share capital of Niko (Aust) Pty Ltd, a dormant company previously registered in Australia. The investment in Niko (Aust) Pty Limited was fully impaired in 2013. The registered office for Niko (Aust) Pty Limited, formerly LC Invest Pty Limited, is 38-40 Erina Valley Road, Erina, New South Wales 2250, Australia, company registration number 138 270 425.

NIKO (INT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Stocks

	2020	2019
	£000	£000
Raw materials	439	457
Work in progress	143	157
Finished goods	65	80
	<u>647</u>	<u>694</u>

The difference between the purchase price of stocks and their replacement cost is immaterial. During the period, the stock cost recognised in cost of sales was £29,028k (2019: £35,519k).

14. Debtors

	2020	2019
	£000	£000
Trade debtors	7,441	8,457
Amounts owed by group undertakings	10,349	8,468
Other debtors	391	427
Prepayments and accrued income	703	1,584
Corporation tax recoverable	135	577
Other taxation and social security	20	-
	<u>19,039</u>	<u>19,513</u>

Amounts due from group undertakings are repayable on demand and attract no interest.

15. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Bank loans and overdrafts	5,822	7,460
Obligations under finance lease and hire purchase contracts	83	83
Trade creditors	2,142	2,300
Amounts owed to group undertakings	9,059	9,007
Other taxation and social security	-	169
Accruals and deferred income	862	724
	<u>17,968</u>	<u>19,743</u>

Amounts due to group undertakings are repayable on demand and attract no interest.

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

NIKO (INT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****15. Creditors: Amounts falling due within one year (continued)**

	2020	2019
	£000	£000
Bank loans and overdrafts	5,822	7,460
Obligations under finance lease and hire purchase contracts	83	83
	<u>5,905</u>	<u>7,543</u>

Bank loans and overdrafts of £6,147k (2019: 7,460k) are secured against book debts of the company.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

16. Creditors: Amounts falling due after more than one year

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	2020	2019
	£000	£000
Obligations under finance leases and hire purchase contracts	53	142
	<u>53</u>	<u>142</u>

17. Obligations under hire purchase and finance lease agreements

At 31 December 2020 the company had annual commitments under non-cancellable finance leases as follows:

	2020	2019
	£000	£000
In one year or less on demand	83	83
Between one and two years	53	122
Between two and five years	-	20
	<u>136</u>	<u>225</u>

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Deferred taxation

	2020 £000
At beginning of year	(2)
Charged to profit or loss	47
At end of year	45

The deferred taxation balance is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	17	(2)
Short term timing differences	28	-
	<u>45</u>	<u>(2)</u>

19. Share capital

	2020 £	2019 £
Allotted, called up and fully paid 10,000 (2019 - 10,000) Ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

20. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

21. Contingent liabilities

The company has a guarantee dated 9 November 2004 in favour of HM Revenue & Customs for £60k (2019: £60k).

The company's bankers hold a composite guarantee securing the bank borrowings of the company and certain other group companies. At 31 December 2020, the total bank borrowings of those companies amounted to £15,440k (2019: £21,282k).

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. Pension commitments

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £86k (2019: £70k).

Contributions totalling £10k (2019: £14k) were payable to the scheme at the end of the period and are included in creditors.

23. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £000	2019 £000
Land and buildings		
Within one year	267	285
Within two to five years	178	1,024
	<u>445</u>	<u>1,309</u>
	2020 £000	2019 £000
Assets other than land and buildings		
Within one year	42	39
Within two to five years	28	52
	<u>70</u>	<u>91</u>

NIKO (INT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. Related party transactions

G&W Developments Investments Co Limited

During the period the Company was charged rent amounting £321k (2019: £320k) from G&W Developments Investment Co Limited (GWD) for rent of the property from which the company operates. In addition, the Company was charged £Nil for other services (2019: £52k). At the balance sheet date, the amount due to GWD was £28k (2019: £28k) in respect of rent and other services. GWD is a business in which a Director of the Company has an interest.

Longley Hall Development Limited

During the year the Company received a net credit (on Sales) from Longley Hall Development Limited (LHD) of £2k (2019: £11k). The amount owed by LHD to the company amounted to £1k (2019: £75k) at the balance sheet date. During the year the company purchased services totalling £41k (2019: £21k) from LHD and owed £Nil (2019: £34k) at the balance sheet date. LHD is a business in which a Director of the Company has an interest.

AAR Commercial Limited

During the period the Company made sales to AAR Commercial Limited (AAR) amounting to £2k (2019: £NIL). At the balance sheet date, the amount owed by AAR was £1k (2019: £NIL) and is included within Trade Debtors. The company continued to advance a loan to AAR of £79k (2019: £79k). The loan is unsecured and included within Other Debtors. AAR is a business in which a Director of the Company has an interest.

Fireclay Factory LLC

The Company made purchases from Fireclay Factory LLC, a fellow Group member, of £4,688k during the year (2019: £6,403k). At the balance sheet date, the amount owed to Fireclay was £1,245k (2019: £413k). During the year, intercompany funding was made by the company to Fireclay. The amount owed by Fireclay to the company amounted to £325k (2019: £474k) at the balance sheet date.

Shanghai PTB Sanitary Ware Co. Ltd

The Company made purchases from Shanghai PTB, a fellow Group member, of £Nil (2019: £3,942k) during the year. At the balance sheet date, the amount owed to Shanghai PTB was £597k (2019: £4,293k).

The Company made a prior year loan to Shanghai PTB of £834k and recharged £Nil (2019: £433k) of costs during the year. The amount owed by Shanghai PTB to the company was £835k (2019: £835k) at the balance sheet date.

PTB Technical Sanitary Ware (Jiangsu) Ltd

The Company made purchases from PTB Technical, a fellow Group member, of £9,361k (2019: £8,741k) during the year. At the balance sheet date, the amount owed to PTB Technical was £4,619k (2019: £8,407k).

25. Controlling party

At the balance sheet date, the company was controlled by its ultimate parent company, Roxor Group Limited, a company incorporated in England and Wales. The registered address of Roxor Group Limited is Hamnett House, Gibbet Street, Halifax, West Yorkshire, HX2 0AX. Copies of that company's consolidated financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

In the opinion of the Directors, there is no one ultimate controlling party.