Grant Thornton

Magnificent Cuisine Limited

Annual Report and Financial Statements

For the year ended 31 December 2024

Registered Company No: 100000

Introduction

These illustrative financial statements are an example of group and parent company financial statements prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (January 2022) and the requirements of the Companies Act 2006. They are based on a fictitious company that is large, privately-owned and is the parent company of a global group.

The illustrative financial statements include examples of disclosures that apply more widely in practice and therefore do not address every possible disclosure that might be required for a real entity. Specifically, the illustrative financial statements do not cover the following areas:

- Non-controlling interests
- Discontinued operations and disposal groups
- Complex financial instruments (for example, hedging, preference shares, convertible loans)
- Investment property
- Construction contracts
- Government grants
- Hyperinflation
- Specialised activities

Disclosures should be relevant and tailored to the facts and circumstances of each entity. For these reasons, these illustrative financial statements should not be used as a template or as a substitute for completing a disclosure checklist. Whilst every care has been taken in their preparation, users are advised to use these financial statements as a guide in conjunction with the actual text of the standard, together with relevant legislation, and to consult their professional advisers before concluding on accounting treatments and disclosures for their own transactions and circumstances.

This publication also provides explanatory guidance on certain FRS 102 disclosure requirements and relevant legal requirements where considered useful.

Source references for the illustrative disclosures have been included in the left-hand margin of the financial statements.

Examples of source references used are:

Example	Description
29.27(d)	Refers to section number and paragraph number from Financial Reporting Standard 102
Sch 1.55(2)(a) **Sch 1 formats** **Sch 1 formats (para 5)**	Refers to schedule number and paragraph number (or section, where applicable) from SI 2008/410 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008
S414C(1)	Refers to section number from Companies Act 2006
SI 2008/489	Refers to The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008
Tech 01/22 FRF	Refers to Financial Reporting Faculty ‘Disclosure of auditor remuneration’

Company information

Directors	T Smith J Jones A Murray T Chaplin A Roman T Williams V Laker
Company secretary	C Smithy
Registered number	100000
Registered office	Ramsay Buildings Lawson Street Derby DE23 8AL
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

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Section

Strategic report

S414A

The Board of Directors is pleased to present the strategic report for the year ended 31 December 2024.

Principal activities

Magnificent Cuisine Limited is a premium supplier of kitchens and related products to individual and corporate customers. We manufacture, retail and install kitchens, alongside offering kitchen design services, and retail kitchen appliances, cookware, kitchenware and tableware.

S414C(1), (2)(a), (3), (12), (13)
S414A(4)

Business review

The Group saw a 148.6% reduction in profit on the prior year. The Group's loss for the year was £20.9m (2023: £43m profit). Turnover was £438.7m (2023: £495m) -11.4% lower than the prior year. Operating profit for the year decreased by £77.5m to a loss of £16.4m compared to last year (2023: £61.1m profit). Our adjusted earnings before interest, tax, depreciation amortisation and impairment of non-financial assets decreased by 105% from £72.5m to a loss of £3.6m. The gross profit margin was 40% (2023: 46%) – 23% lower than the prior year.

The decrease in revenue and profit compared to 2023 reflects the mixed outlook the UK economy faces. Inflation remains a concern, albeit at a reduced rate compared to previous years, as energy prices and cost of living pressures persist. Consumption patterns have shifted, with consumers increasingly prioritising essential goods and services over discretionary spending. Employment figures have shown modest improvement due to economic recovery and job creation programs; however, wage growth remains limited, constraining overall purchasing power. These economic headwinds collectively dampened consumer demand and weighed on the Group's sales performance.

The Group remains focused on controlling overheads; however, some cost increases have been outside our control. For example, the gross margin has deteriorated driven by increased costs of certain raw materials resulting from supply chain disruptions. Fleet and transport costs remain high, exacerbated by heightened risks in maritime logistics.

The Group is not directly exposed to the Middle East or Russia/Ukraine conflicts but will be affected indirectly if these or other conflicts lead to further supply chain or energy market disruptions. While there has been no identifiable impact on our financial performance in 2024, future economic impacts are difficult to predict with any confidence. Analysts predict continued market uncertainty in the coming months, with potential further impacts on global trade and investment flows

The UK Government has announced a policy initiative aimed at significantly increasing the rate of new house-building in the coming years. The Board believes that the Group is well positioned to contribute to this initiative, particularly following the acquisition of Smith Kitchens Ltd in July 2024 (see below).

The Group has been looking into developing new product ranges to add to its existing offering and so £2.8m (2023: £0.4m) has been spent on research and development. After the acquisition of Smith Kitchens Ltd, the Group incurred reorganisation costs of £4.97m (2023: £Nil) due to the streamlining of their manufacturing and warehouse facilities which has resulted in redundancies and early termination of a lease.

Depreciation, amortisation, and impairment of non-financial assets increased by £1.4m to £12.8m (2023:£11.4m). This was mainly due to the impairment of software assets of £0.8m. The net asset position of the Group is £88.8m (2023: £96.9m).

Current assets have decreased from £179.2m to £153.5m, a decrease of £25.7m. Of this, £37.1m relates to the decrease in cash and cash equivalents. This has been offset by an increase in trade and other receivables of

£4.2m due to customers taking longer to pay. There has been no change from the prior year to concentration of credit risk and our experience of bad debts remains comparatively low. Stocks have also increased from £49.2m to £56.5m due to the increased holding of raw materials as safety stock due to supply and shipping issues. The Group's overall cash position decreased by £37.1m, reflecting the loss for the year and working capital changes referred to above.

The decrease in current assets has been offset by a £4.1m increase in current liabilities from £70.2m to £74.3m. This is mainly due to an increase of £8.7m in accruals as the Group have increased the use of subcontractors leading to higher accruals for work performed but not invoiced, including in the acquired business. This increase has also been offset by a reduction in corporation tax payable from £8.8m to £0.3m. Payments received on account has increased from £4m to £7m due to timing of payments received in advance.

Non-current liabilities have fallen by £21m from £113.7m to £92.7m. £10m of bank loans were repaid in the year. The other significant movement is in the net pension scheme liability which has decreased £8.9m from

£55m to £46.1m mainly due to actuarial gains in the measurement of the liability offset by a negative return on assets due to poor performance in equity markets. The Group remains committed to ensuring that the pension fund deficit will be addressed over the coming years.

As mentioned above, the Group acquired Smith Kitchens Ltd for £7.7m. Refer to note 28 in the accounts for further details. This was a strategic acquisition to help meet our future objectives of increasing our opportunities of winning more business with large corporate house building customers.

Investments have increased £2.3m from £3m to £5.3m due to the new joint venture formed on 29 December 2024. Magnificent Cuisine Limited formed Happy Kitchens Ltd with Solutions Ltd as their partner and both parties contributed £2.2m to the arrangement.

S414C(4)(a) & (b)

Key performance indicators – financial and non-financial

	Financial	
	2024	**2023**
Turnover	£438.7m	£495.0m
Gross profit margin	40%	46%
Operating (loss)/profit	£(16.4)m	£61.1m
Earnings before interest, tax, depreciation, amortisation and impairment of non-financial assets (EBITDA)	£(3.6)m	£72.5m
Free cash flow	£(15)m	£79.3m
	Non-financial	
	2024	**2023**
Average number of employees	3,813	3,941
Customer satisfaction Scores (1 – Dissatisfied, 5 – Delighted)	4.35	3.55

Alternative performance measures

Management makes use of certain alternative performance measures (APMs) that are non-UK GAAP

measures. The Board uses these to assess performance of the Group and considers them to provide useful supplementary information to the statutory results. The Board does not consider APMs to be more relevant or reliable than UK GAAP measures and notes that their definition and basis of calculation may differ from other companies. The Group's APMs are defined and a reconciliation to the most directly comparable UK GAAP measure is shown below:

EBITDA is operating profit as measured using UK GAAP principles adjusted for the effects of depreciation, amortisation and impairment of non-financial assets. EBITDA is reported to the Board as management considers that it provides a useful proxy for the Group's operating profit excluding non-cash items. It can be reconciled to the operating profit measure reported in the Consolidated Statement of Comprehensive Income as shown below:

	EBITDA	
	2024 £m	**2023 £m**
Operating (loss)/profit	(16.4)	61.1
Depreciation, amortisation and impairment of non-financial assets	12.8	11.4
EBITDA	**(3.6)**	**72.5**

Free cash flow is an important APM and gives the Board some insight as to the Group's ability to produce cash to repay creditors or to distribute to shareholders. The free cash flow uses cash generated from operations adjusted by capital expenditure. This APM can be reconciled from the measures reported in the primary financial statements below:

	2024 £m	**2023 £m**
Cash (used in) generated from operations	(13.9)	80.2
Purchase of property, plant and equipment	(0.9)	(0.9)
Purchase of other intangible assets	(0.2)	-
Free cash flow	**(15.0)**	**79.3**

Customer satisfaction scores

The customer experience is important to the Group. We want all of our customers to be delighted with all aspects of the products and service they receive from us. This relates to both retail kitchenware sales and to the actual kitchen sales from the moment they contact us, throughout the quotation process and the installation. All customers are sent on-line customer satisfaction surveys to voluntarily complete and certain customers depending on the value of the contract are invited to have an interview with our independent market researchers. All answers are scored between 1 to 5 with 1 being the lowest level and 5 being the highest level of customer satisfaction. The Group strives to get everything right but acknowledges that the scores given to such questions are subjective. To allow for this, the Board considers that a score of 3.5 and above is acceptable. All scores below this are investigated and subject to a root cause assessment to make sure that any lessons that should be learned are identified and implemented.

Group strategy and future outlook

The Group's strategy is to remain operating within the household goods sector for the medium to long term. However, in the shorter term the Group is looking to win more business with large corporate house building customers. Historically, the Group has focussed on exclusively serving individual consumers. Taking into account the capabilities that have been added through strategic acquisitions, the Board considers that the Group has the expertise to start to work with larger corporate customers as well as continuing to maintain the Group's position as a premier supplier of kitchens and related products in its chosen markets.

S414C(2)(b)

Principal risks and uncertainties

Matter of concern	Potential impact on the Group	Mitigating actions
Margin erosion	The current global economic situation resulting in rising prices of raw materials, fleet and transport costs could lead to the erosion of profit margins in the short to medium term	The Group will not seek to win business at any price and will need to increase sale prices to individual consumers but within reason given the impact on consumers' spare income with the persisting cost of living crisis. The move to working with large corporate house building customers should also help mitigate this risk
Supply chain	Again, the current global economic situation is impacting on the supply chain and our customers expect stock to be on hand.	The Group builds strong relationships with suppliers and for our significant raw material supplies, we have entered into long term supply contracts to ensure availability. However, to avoid disruption in the current climate we have also increased our safety stock levels.
Integration of acquired business into the Group	The Group seeks to make acquisitions that complement its core business activities and that will contribute to the overall success of the Group for its stakeholders. However, there is a risk that the Group fails to achieve this objective on future acquisitions.	The Group undertakes a robust due diligence exercise on all potential acquisitions which involves the engagement of specialist external advisers as well as senior members of the Group's management team. If there is any uncertainty as to the potential success of an acquisition, a full report is prepared for the Board to consider whether or not the transaction should proceed.
Competition in our markets	The Group operates in a competitive market environment and the development of new product ranges is key to their success.	Customer care is a top priority and the Group maintains strong relationships with customers. The Group provides value added services and launches new products in a 3-year cycle.

S414CZA(1)

Section 172 statement

Our section 172 statement summarises how the Board has factored stakeholder considerations into our decision-making.

Section 172 of the Companies Act 2006 (the Act) imposes a duty on a director to act in a way that he or she considers, in good faith, would be most likely to promote the long-term success of the company for the benefit of its members as a whole. In doing so, the directors have regard to the various matters including the interests of stakeholders as well as various other matters. The Companies (Miscellaneous Reporting) Regulations 2018 require companies to report on how the Board has fulfilled the requirements of Section 172(1), including how the Board has factored stakeholder considerations into its decision-making.

The Board is fully aware of and supports these requirements. We are pleased to describe below how the Group Board engages with our stakeholders.

The Group's key stakeholders have an important role to play in the successful operation of our business. Our Board are fully aware of, and take seriously, their responsibilities to those stakeholders under the Act.

We believe that it is appropriate to consider the potential impact on our stakeholders when considering the Group's strategy and in making our key decisions. Indeed, these responsibilities are rooted in our culture, values and company purpose.

The Board considers that, in its decisions and actions to date, it has acted in a way that would promote the success of the Group for the benefit of its members as a whole, while having regard to stakeholders and matters set out in Section 172(1) (a–f) of the Act. It has identified the Group's key stakeholders as our employees, customers, suppliers and vendors, the environment and communities in which we operate, and investors. It receives updates on each of these and takes steps to ensure that it remains well informed about them.

The Group Directors believe strongly in doing business in the right way, with all its decisions underpinned by the impact they have on our five main stakeholder groups. We set out below two areas where our Board had regard to Section 172 when discharging its duties and the effect of this on certain of its decisions.

Remuneration policy: Having taken external advice on shareholder expectations, we revised our approach to executive remuneration by introducing a KPI aimed at our customer satisfaction ratings. Our customers represent one of our key stakeholder groups and we have therefore prioritised them in our executive director incentive measurements. In implementing the remuneration policy, we further considered the perceptions of our customers by setting our executive compensation far lower than our remuneration consultants recommended as it is our customers who ultimately pay for executive reward.

Corporate responsibility (CR): Our employees are passionate about the societal, economic and environmental impact of the Group. During the past year, they took the initiative in developing their vision of what the Group's CR was. The vision sets out our belief that our business has a positive impact on the world, offering a path to sustainability, carbon neutrality, equality and education – so directly affecting all our stakeholders. The Board will ensure that our employees' vision of how the Group should conduct itself are considered when implementing CR policies.

The detailed content in this Annual Report further outlines how during 2024 the Board strove to comply with their duty under Section 172 in considering stakeholders in the Group's decision-making process in order to promote the company's success. We will continue to consider our stakeholders in the year ahead as the Board makes further decisions in overseeing the Group's strategy. The following narrative summarises our approach.

Section 172 statement (continued)

Long-term decision-making

The Board has put in place a structured governance model, with scheduled Board meetings and clear documentation and authority levels to control its decision-making process. Our governance model supports the Group in ensuring that decisions are considered, documented and reported upon, and in alignment with our strategic plans. Detailed budgets and reforecasts are prepared to enable the Board to track performance and ensure that it is as expected, or that mitigation steps are taken to deliver performance in line with, or close to, expectations. The Board and individual directors operate within this structure, with the aim of promoting the success of the company and delivering long-term shareholder value. Business proposals are documented in line with, and performance tracked against, levels of authority.

High standards of business conduct

We have a Code of Conduct setting out the behaviours and values expected of all of our colleagues, which we communicate to all colleagues and third parties. We have processes to update our Board and management on the operation of our code and an independent whistleblowing service to enable employees and third parties to anonymously raise concerns. Through its oversight and monitoring role, the Board requires all of our people to work to the highest standards of business conduct. Our focus is to do what is right ahead of what is easy. This is supported through ongoing communication and awareness of, and training in, acceptable company conduct. Any reports of inappropriate behaviour are independently investigated, and action taken where necessary.

We set out below how the Board has engaged with, and been influenced by, the interests of our different stakeholders. Such engagements have been well established in the Group for several years.

Stakeholder engagement

Employee engagement

We consider that our employees act with the utmost integrity and professional expertise in providing our customers with premium kitchens and related products. In doing so, the Board considers that its employees are both rewarded fairly and incentivised to deliver the Group's strategy.

How we engage with our employees

The Board is kept informed on employee-related matters at every Board meeting at which it receives a standing agenda update from the Group's Human Resources Director. For our senior people, feedback is regularly received from the work that our remuneration committee undertakes throughout the year. Employee surveys are undertaken regularly to monitor issues arising and these surveys form the basis of action plans. Consultation with employees happens when their views need to be considered in decisions the Group needs to make that will likely affect their interests. All employees are kept abreast of Group news and financial performance in quarterly business updates. There is also ongoing communication through the Group's Intranet, notice boards, newsletters and team briefings.

Customers

Our customer base is changing as we move into the large corporate house-builders market as well as selling to individual consumers.

Section 172 statement (continued)

How we get feedback

At each board meeting, as part of a standing agenda item, a report is received from the chief operating officer on any feedback received from customers from our interactions with them. This could be through regular key customer satisfaction surveys or simply from feedback received from our sales team. We take this information into account so that we are able to be confident that we have identified the appropriate customer needs that require addressing. From a risk management perspective, before entering into business with new customers full background checks are carried out which include reviews for potential financial risks.

Suppliers

We have built good relationships with our suppliers. Our raw materials, components and stock items are all carefully specified, and our suppliers are evaluated in accordance with our guidelines on the environment, work environment, human rights, business ethics and quality.

Other third parties that are of great importance to the Group include our professional advisers, bankers and our various regulators.

How we get feedback

The Board is kept fully informed about the Group's interactions with key third party relationships with the Group, be they suppliers or other key providers of services or regulatory oversight. The Board places the utmost importance on the integrity of our supplier agreements with a focus on the robustness of supply of goods and services. All third-party suppliers are regularly scrutinised so as to ensure that there are no matters that could potentially harm our reputation or be financially damaging to us. All agreements with third parties are set out in writing with clearly documented terms and conditions that cover, amongst other things, levels of service, payment terms and working practices. It is the Group's policy that all agreements over a specified amount are reviewed by the Group's lawyers and depending on the value are reserved for approval by the Board on behalf of the Group.

Our community and the environment

Our underlying business ethos is to do what is right ahead of what is easy. This is especially so when it comes to the local communities in which we operate and the impact that we have on the environment in which we all live. We actively encourage all of our employees to give back to community in whichever way they feel the most comfortable. This ranges from the ability to given to chosen charities via payroll deductions, matching donations that our employees have raised through their own endeavours subject to a cap or providing up to a week's unpaid leave to volunteer in the community.

Our Board and our senior management colleagues are cognisant of the effect that our operations and those who provide us with goods and services have on the environment and seek to minimise our impact. Every three years, we consult with environmental consultants to ensure that our physical locations are as energy efficient as possible. Our last review was 18 months ago and following that we increased the cooling temperature setting used on air conditioning systems to reduce cost and environmental impact while at the same time providing optimal working conditions. We also work with our customers to provide a solution that enables redundant kitchens, that we are replacing, to be recycled in a safe and responsible manner. 65% of sales to customers resulted in redundant kitchens being safely removed for recycling or disposal as appropriate. This was an increase from 52% of such sales in the prior year reflecting both an increased awareness of our sales teams of the importance of minimising the impact on the environment as well as an increasing appreciation of the effects by our customers.

Section 172 statement (continued)

Investors

We have dispersed ownership and our investors are critical to us. They provide us with scarce risk capital that enables us to grow and invest for the future. However, our investors are not interested in growth at all costs. They take interest in our business plan, our strategy at to its execution, our governance, our approach to remuneration of both the Board and other members of the senior management team. Increasingly, they are becoming more interested in how we conduct ourselves as corporate citizens.

How we engage and what we do with that information

During the year, the Chair and the executive directors engage with shareholders at various events around the announcement of half-year and full-year results. From these engagement activities, the Board has a detailed understanding of the needs of our investors. This led to the development of the investor relations hub on the Group's website that contains relevant and up to date information on the business. The Board is aware that it has a duty to treat all shareholders fairly and that it must ensure that all decisions made take the long-term interests of all shareholders into account.

S414D(1)

This strategic report was approved by the Board on 31 March 2025 and signed on its behalf.

C Smithy
Company Secretary

Guidance

The example Strategic Report in this publication reflects the type and size (including number of employees) of this fictitious company. Hence, the publication does not illustrate all of the potential content requirements, which vary depending on the size and type of entity. Entities entitled to the small companies exemption are not required to present a strategic report as stated in s414A(2) of the Companies Act 2006.

Section 414C of the Act sets out the contents of the strategic report, s414CB sets out the content of the non-financial and sustainability information statement and s414CZA the content of the Section 172 Statement. Additional requirements for periods commencing on or after 6 April 2022 apply for entities that meet the criteria explained below.

The FRC's Guidance on the Strategic Report ('FRC Guidance') sets out detailed recommendations on the content of this Report. Directors are encouraged to follow it as it serves as best practice, but its application is not mandatory.

- Business review: section 414C requires entities to present a fair and balanced review of their businesses consistent with their size and complexity. This includes development and performance of the business of the entity (or group) during the financial year, and the position of the entity (or group) at year-end. To the extent necessary, financial and non-financial KPIs should be used to explain further the performance or position of the entity (or group). In applying these requirements, it is typically appropriate to include commentary on the key line items and sub-totals in the primary statements in the accounts. If non-GAAP measures of financial performance and position are used (sometimes referred to as 'Alternative Performance Measures' or 'APMs'), then equivalent GAAP numbers should generally be disclosed with equal prominence and reconciliations between the GAAP and non-GAAP figures provided.
  The business review should also include a description of the principal risks and uncertainties facing the entity. This section should clearly state the principal risks, and describe them in a way to enable users to understand the nature of the risk or uncertainty and how it might affect the entity. It should also state why they are important, what their effect is and what procedures, or controls have been implemented by the board to manage them.
- Section 172 Statement: this statement is applicable to large private entities and all public companies regardless of their size. It should be presented as a distinct statement within the strategic report and should be specific to the entity (or group). It should aim to provide shareholders with meaningful, transparent information on how the directors have performed their s172 duty and had regard to wider stakeholder interests. It should explain how the directors have duly considered the six areas outlined in section 172(1)(a)-(f) while promoting the success of the entity. This explanation should typically cover the main methods used to engage with stakeholders, key issues identified and how these have influenced the board's decisions, plans and strategies over the course of the year.

  Judgment is needed in determining what should be included in the statement as this will depend on the nature of the entity, its business, ownership structure and developments in the year, among other factors. The length and contents of these statements therefore vary but a statement that simply confirms that s172 has been followed, or a general explanation of governance procedures is unlikely to be sufficient to fulfill this legal obligation.
- UK mandatory Climate-Related Financial Disclosure: in 2022, the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations modified sections 414C, 414CA, and 414CB of the Act. These changes require publicly quoted entities and large private entities in scope to include UK mandatory climate-related information in their annual reports. LLPs are also required to provide these disclosures; however, these are not covered in this guidance.

  Entities in scope are:
  - UK PIEs with more than 500 employees (all entities that are currently required to produce non-financial information statements)
  - UK registered entities with securities listed on AIM and having a workforce exceeding 500 employees
  - UK registered entities (and large LLPs which are not traded or banking LLPs) that have over 500 employees and a turnover exceeding £500 million
  - Traded or banking LLPs which have more than 500 employees.

Guidance (continued)

- UK mandatory Climate-Related Financial Disclosure (continued): these disclosures should be given in the Strategic Report in a "non-financial and sustainability information statement," which will be an extension of the current "non-financial information statement" for Public Interest Entities (PIEs). Entities not previously in scope of the non-financial information statement requirement are required to only provide the new climate-related elements.

  If the entity's directors have a reasonable belief that based on the business nature and operational approach, certain or entire components of the UK mandatory climate-related financial disclosures required by sections (e), (f), (g) or (h) are not essential for an understanding of the entity's operations, they may omit some or all of the required disclosures subject to the provision of an explanation of the reasons behind it in the Strategic Report. For the avoidance of doubt, the directors must always provide the disclosures required by section (a) to (d) of s414CB(2A) of Companies Act 2006.

  A UK parent entity should prepare UK mandatory climate-related financial disclosures at group level if it is required to prepare a group Strategic Report, i.e., it is required to prepare consolidated accounts. However, an intermediate parent entity may not be required to prepare consolidated accounts, and thus a group Strategic Report, because it is eligible for either the s400 or s401 exemption from consolidation provided by the Companies Act. In that case, the entity will be required to provide these disclosures in its individual accounts.

  - Intermediate holding of an ultimate UK-parent: intermediate parent entities and subsidiaries whose climate related activities are included within a higher UK parent's consolidated report that complies with the UK mandatory climate-related financial disclosures requirements are exempt from preparing either group or individual UK mandatory climate-related financial disclosures (s414CA(2) and (7)).
  - Intermediate holding of an ultimate non-UK-group: where a UK intermediate parent or subsidiary has an overseas parent which prepares consolidated accounts in which the UK intermediate parent or subsidiary is included, the UK parent or subsidiary is still required to provide UK mandatory climate-related financial disclosures in its individual accounts if it is in scope in accordance with s414CA.

  For a UK intermediate holding company, the scope criteria still need to be applied to the consolidated turnover and employee figures of the group it heads, but the disclosures should relate to the UK intermediate holding company only, including how climate-related risks and opportunities may affect the carrying value of the investment in its subsidiary undertakings.

  Section 474 of the Companies Act 2006 defines turnover as "… the amounts derived from the provision of goods and services ..., after deduction of trade discounts, value added tax, and any other taxes based on the amounts so derived". This does not include amounts which are not earned from the provision of goods or services, for example, other income, dividend income, or interest income. For group accounts, turnover is determined at consolidated level i.e., after eliminating group transactions.

  The number of employees refers to the monthly average number of employees held by the entity or in the case of a parent, the group headed by it (s414CA(5),(6) of Companies Act 2006).

The regulation came into effect on 6 April 2022 and applies to accounting periods that begin on or after that date.

- The previous UK government announced an intention to raise the size thresholds that determine which entities qualify as micro-, small- and medium-sized, with effect for annual periods starting on or after 1 October 2024. However, at the time of publication, the proposed changes had not actually been enacted and it remains unclear whether or when these changes will come into effect. The previous government also launched a consultation on whether to exempt medium-sized companies from the requirement to prepare a strategic report. It is uncertain whether the new UK government intends to continue with either of these proposals.

Directors' report

S415(1)

The Directors are pleased to present their report and the audited financial statements for the year ended 31 December 2024.

Future developments

Sch 7.7(1)(b)
Sch 7.1A

The Group's future developments are set out in the Group strategy and future outlook section of the Strategic Report on page 8 in accordance with s414C(11) of the Companies Act 2006 as the directors consider this to be of strategic importance to the Group.

Dividends

S416(3)

Dividends paid during the year amounted to £195k (2023: £Nil). No final dividends are proposed.

Directors

S416(1)(a)

The Directors of the Group who served during the year are shown below:

T Smith	Executive Chairman
J Jones	Group Chief Executive
A Murray	Chief Operating Officer
T Chaplin	Finance Director
A Roman	Human Resources Director
T Williams	Non-Executive Director
V Laker	Non-Executive Director

Directors' indemnities

S236

As permitted by the Companies Act 2006, the Company has indemnified the directors in respect of proceedings brought by third parties and qualifying third party indemnity insurance was in place throughout the year and up to the date of approval of the financial statements.

Financial instruments

Sch 7.6

The financial risk management objectives and policies of the Group, including exposure to currency risk, credit risk, interest rate risk and liquidity risk are set out in note 23 to the financial statements. Refer to note 2.4 for exposure to cash flow risk.

Research and development activities

Sch 7.7(1)(c)

The Group has expensed £2.8m (2023: £0.4m) of research and development costs during the year. The Group is continually looking to develop new product ranges to add to its existing offering.

Post balance sheet events

Sch 7.7(1)(a)

Post balance sheet events are set out in note 32 to the financial statements.

Employees

Sch 7.10(3)

The Group has a recruitment policy to ensure that all applications for employment, including those made by disabled persons, are given full and fair consideration in light of the applicants' aptitudes and abilities. There is also an equal opportunities policy to ensure that all employees are treated equally in terms of employment, training, career development and promotion. Where employees develop a disability during their employment, every effort is made to continue their employment and arrange for appropriate training as far as is reasonably practicable.

Employee engagement

Sch 7.11
Sch 7.1A

Details on employee engagement can be found within the Group's Section 172 statement in the Strategic Report on page 11.

Statement on engagement with suppliers, customers and others in a business relationship with the company

Sch 7.11B
Sch 7.1A

Details on how the Group has fostered relationships with suppliers, customers and others can be found within the Group's Section 172 statement in the Strategic Report on pages 10-13.

Sch 7 Part 7A

Streamlined energy and carbon reporting (SECR)

The section below presents the energy usage and associated carbon dioxide emissions for Magnificent Cuisine Limited's operations that are based in the UK. The Group has taken the exemption available from including overseas subsidiaries. This section has been prepared in compliance with the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Streamlined energy and carbon reporting (SECR) (continued)

GHG Emissions

	Units	2024	2023
Emissions from combustion of gas (Scope 1)	tCO2e	194,356	203,424
Emissions from consumption of fuel for transport purposes (Scope 1)	tCO2e	7,812	9,914
Emissions from purchased electricity (Scope 2)	tCO2e	34,908	38,646
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing fuel (Scope 3)	tCO2e	45	51
Total gross emissions	**tCO2e**	**237,121**	**252,035**
Energy consumption used to calculate above emissions	**KWh**	**1,141,240,108**	**1,240,478,378**

Intensity ratios have been calculated from the value of turnover and include all of the energy usage and emissions stated within the values reported above and in accordance with the methodology applied.

Emissions

	Units	2024	2023
Intensity Ratios	tCO2e/£'000 sales	0.54	0.51

Methodologies

The HM Government Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting guidance published in March 2019 has been followed. Carbon emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard using the DEFRA emissions factors.

Energy efficiency

The Group continues to focus on reducing energy consumption and carbon emissions. Energy Saving Opportunity Scheme audits have been completed and recommendations implemented. Examples of our main measures to achieve this were replacing inefficient assets with energy-efficient equipment (such as LED lighting) and logistics efficiencies through driver training. Significant investments have been made over the past few years to improve efficiency and to reduce the Group's carbon footprint.

Statement of Directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

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

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

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

Disclosure of information to auditor

S418(2)

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

S419(1)

This report was approved by the Board on 31 March 2025 and signed on its behalf.

C Smithy
Company Secretary

Guidance

The directors' report provides reader with supplementary information to provide a better understanding of the entity's operations, policies, and corporate governance. Similar to the strategic report, the example report in this publication reflects the type and size (including number of employees) of this fictitious company. Hence, the publication does not illustrate all of the potential content requirements, which vary depending on the size and type of entity. All entities (except micro-entities) are required to prepare a directors' report in accordance with s415 of the Act.

- Key elements of the directors' report:
  - Names of all the directors who held office during the financial year and directors' indemnities
  - Likely future developments in the business of the entity
  - Amount (if any) of dividends paid or that the directors recommend being paid
  - Donations made by the entity for political or charitable purposes
  - Indication of the existence of branches of the entity outside the UK
  - Information on research and development activities undertaken
  - Financial risk management objectives and policies along with the exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk (where material for the assessment of the financial position and results of the entity (or group))
  - Employment of disabled persons policy and statement of engagement with employees (where the weekly average number of employees exceeds 250)
  - Statement of engagement with suppliers, customers, and others (applicable to large companies only)
  - Particulars of any significant events affecting the entity since the end of the financial year
  - Disclosures around greenhouse gas emissions and energy use
  - Auditors and disclosure of information to auditors.

  Additional disclosures may be required for quoted entities in relation to waiver of dividends, directors' interests, purchase of own shares and sale of treasury shares, substantial shareholdings, placing of shares, controlling shareholder, contracts of significance, takeover directive requirements and other information required under the Listing Rules.

- A "statement of corporate governance arrangements" has not been included as the parent company in these illustrative financial statements does not meet the conditions. The disclosure applies to an entity (not a group) that satisfies either or both of the following requirements:
  - more than 2,000 employees or
  - a turnover of more than £200m and balance sheet total of more than £2bn.

  Where the conditions are met, the directors' report must include a "statement of corporate governance arrangements" which sets out:
  - which corporate governance code, if any, the entity applied in the financial year,
  - how the entity applied any corporate governance code, and
  - if the entity departed from any corporate governance code, the respects in which it did so, and its reasons for so departing.

  If the entity has not applied any corporate governance code for the financial year, the statement of corporate governance arrangements must explain the reasons for that decision, and explain what arrangements for corporate governance were applied for that year (SI 2008/410 Sch 7.26).

  Large private companies can adopt the Wates principles for corporate governance reporting.

- Exemption from presenting streamlined energy and carbon reporting (SECR) disclosures: a statutory de minimis exemption exists for quoted or large unquoted entities and LLPs that can confirm their energy use is low - 40MWh or less over the reporting period. Nonetheless, these entities still should include a statement within their directors' report confirming their classification as low energy users. In a group directors' report this criterion for low energy usage relates to the combined energy consumption of the parent entity and its subsidiary undertakings. The figures reported may exclude (i) emissions and energy consumed outside of the United Kingdom; and (ii) in a group SECR may also exclude amounts relating to subsidiaries that would not meet the size criteria individually.

  Entities are also exempt from these disclosure requirements where information would be seriously prejudicial; or it would not be practical to obtain the information. Where information is not provided, the directors' report must state this and explain the reason.

- Some information required to be given in the directors' report is closely related to matters that may also be included in the strategic report as for example: the employee engagement statement and the statement on engagement with suppliers, customers and others in a business relationship with the entity. Where information that is required to be disclosed in the directors' report is included in the strategic report, cross-reference should be given in line with Sch 7.1A, SI 2008/410 and s414C(11) of the Companies Act 2006 as shown in these illustrative financial statements.

Independent auditor's report

To the members of Magnificent Cuisine Limited.

Opinion

We have audited the financial statements of Magnificent Cuisine Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's loss 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

Conclusions relating to going concern (continued)

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the Parent Company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period.

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 Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out in page 19 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Parent Company and Group are subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation, tax legislation, anti-bribery legislation and employment law as well as industry-specific legislation which governs the environmental impact of certain of the Group's products;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We understood how the Parent Company and Group are complying with those legal regulatory frameworks by making enquiries of management. We corroborated our enquires through our review of board minutes and certain other procedures;

Auditor's responsibilities for the audit of the financial statements (continued)

- Based on the results of our risk assessment we designed further audit procedures to identify non-compliance with such laws and regulations identified above. These procedures were performed at all components within the scope of our audit. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; enquiries of Group management, and country management at locations where full scope audit procedures and specified audit group;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the entity/regulated entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interpret those rules and the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Parent Company and Group's operations, including the nature of their revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions;
  - the Parent Company and Group's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

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

Use of our report

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

John Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
31 March 2025

3.23(a)

Magnificent Cuisine Limited

3.17(b)(i)
3.23(b)
Sch 1 Formats

Consolidated statement of comprehensive income

3.23(c)

For the year ended 31 December 2024

Ref		Note	2024 £000	Restated 2023 £000
	Turnover	4	438,705	494,994
	Cost of sales		(263,420)	(267,168)
	Gross profit		**175,285**	**227,826**
	Distribution costs		(129,817)	(121,268)
	Administrative expenses		(62,563)	(46,148)
	Other operating income		673	660
5.9	**Operating (loss)/profit**	**5**	**(16,422)**	**61,070**
Sch 6.20	Income from interests in associated undertakings	14.2	240	-
	Other interest receivable and similar income	8	169	273
	Interest payable and similar expenses	9	(5,053)	(5,617)
Sch 1.6	**(Loss)/profit before taxation**		**(21,066)**	**55,726**
	Tax on (loss)/profit	10	152	(12,684)
	(Loss)/profit for the financial year		**(20,914)**	**43,042**
	Other comprehensive income for the year			
	Remeasurement of net defined benefit liability	24	12,013	(2,996)
	Revaluation of tangible assets		4,173	3,357
30.25(b)	Exchange differences on translating foreign operations		(1,253)	1,365
5.5A(a)(ii)	Aggregate income tax on other comprehensive income components	10	(2,262)	3,846
	Total other comprehensive income for the year		**12,671**	**5,572**
5.5A(c)	**Total comprehensive income for the year**		**(8,243)**	**48,614**

9.21

All of the profit for the period and other comprehensive income are attributable to the owners of the Parent Company.

The notes on pages 37 to 86 form part of these financial statements.

Refer to note 31 for an explanation of the restatement.

Guidance

- An entity may present a separate Income Statement and Statement of Comprehensive Income or combine the two into a single Statement of Comprehensive Income. These illustrative financial statements present one single statement as permitted by FRS 102.5.2
- Per FRS 102.5.5A(a) the aggregate amount of income tax relating to components of other comprehensive income is presented in a separate line item in these illustrative financial statements. However, an entity may also choose to present the components net of related tax effects.

REGISTERED NUMBER:100000

3.17(a)
3.23(b)
Sch 1 Formats
4.2(a)

Consolidated statement of financial position

3.23(c)

As at 31 December 2024.

4.3

	Note	2024 £000	2023 £000
Fixed assets			
Intangible assets	12	11,765	11,605
Tangible assets	13	85,357	87,014
Investments	14	5,275	3,000
		102,397	**101,619**
Current assets			
Stocks	15	56,473	49,168
Debtors	16	89,214	85,008
Cash at bank and in hand	18	7,867	44,992
		153,554	**179,168**
Creditors: amounts falling due within one year	20	(74,353)	(70,185)
Net current assets		**79,201**	**108,983**
Total assets less current liabilities		**181,598**	**210,602**
Creditors: amounts falling due after more than one year	20	(40,897)	(52,897)
Provisions for liabilities			
Pension liability	24	(46,100)	(54,954)
Taxation, including deferred taxation	25	(3,702)	(3,467)
Other provisions	25	(2,055)	(2,412)
		(51,857)	**(60,833)**
Net assets		**88,844**	**96,872**
Capital and reserves			
Called up share capital	26	4,015	3,900
Share premium account		7,296	7,300
Revaluation reserve		10,217	6,979
Share-based payments reserve		1,037	1,082
Foreign exchange reserve		817	2,070
Profit and loss account		65,462	75,541
		88,844	**96,872**

Consolidated statement of financial position (continued)

32.9
S414

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 31 March 2025.

T Smith
Director

The notes on pages 37 to 86 form part of these financial statements.

Guidance

- Sections 4 and 5 of FRS 102 require a large or medium-sized company either to apply one of the detailed profit and loss account and balance sheet formats set out in SI 2008/410 or to use an adapted format as permitted by those Regulations. FRS 102 also specifies certain minimum requirements for entities that use an adapted format.
Even when using a detailed format, the Regulations include certain flexibilities and FRS 102 also requires an entity to present additional line items, headings, and sub-totals when such presentation is relevant to an understanding of the entity's financial position. For example, the Regulations permit that any item required to be shown in an entity's balance sheet or profit and loss account may be shown in greater detail than required by the particular format (SI 2008/410 Sch 1 formats para 1A (1) & (2)).

  On the face of the statement of financial position of these illustrative financial statements, 'Share-based payments reserves' and 'Foreign exchange reserve' are being presented. These line items are not specified in the detailed formats.

- Company's name and number: when filing the accounts in paper with the Registrar, the entity's name and number must appear on one of the accounts component elements, such as the directors' report or balance sheet as required by the Companies House accounts guidance on the GOV.UK website. This information can also be included on any cover page that comes with the accounts. For these illustrative financial statements, the Parent Company's registered number has been included on the face of the consolidated statement of financial position.

S396
3.17(a)
3.23(b)
Sch 1 Formats
4.2(a)

Company statement of financial position

3.23(c)

As at 31 December 2024.

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	13	9,275	8,950
Investments	14	18,837	8,702
		28,112	**17,652**
Current assets			
Debtors	16	630	500
Cash at bank and in hand		215	8,079
		845	**8,579**
Creditors: amounts falling due within one year	20	(2,287)	(1,911)
Net current (liabilities)/assets		**(1,442)**	**6,668**
Total assets less current liabilities		**26,670**	**24,320**
Net assets (4.3)		**26,670**	**24,320**
Capital and reserves			
Called up share capital	26	4,015	3,900
Share premium account		7,296	7,300
Revaluation reserve		1,775	1,200
Share-based payments reserve		1,037	1,082
Profit and loss account brought forward		10,838	10,428
Profit for the year (S408(1)(b))		1,519	390
Other changes in the profit and loss account		190	20
Profit and loss account carried forward		**12,547**	**10,838**
		26,670	**24,320**

S408(4)

The Parent Company has taken the exemption from preparing a separate profit and loss account as permitted under section 408 of Companies Act 2006.

32.9
S414

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 31 March 2025.

T Smith
Director

The notes on pages 37 to 86 form part of these financial statements.

3.17(c)
3.23(b)

Consolidated statement of changes in equity

3.23(c)

For the year ended 31 December 2024.

		Note	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Share-based payments reserve £000	Foreign exchange reserve	Profit and loss account £000	Total equity £000
6.3(c) Sch 1.59(2)	**At 1 January 2024**		**3,900**	**7,300**	**6,979**	**1,082**	**2,070**	**75,541**	**96,872**
	Comprehensive income for the year								
6.3(c)(i)	Loss for the year		-	-	-	-	-	(20,914)	(20,914)
6.3A	Exchange differences on translating foreign operations		-	-	-	-	(1,253)	-	(1,253)
6.3A	Remeasurement of the net defined benefit liability	24	-	-	-	-	-	10,349	10,349
6.3A	Revaluation of tangible assets	13	-	-	3,575	-	-	-	3,575
6.3(c)(ii)	**Other comprehensive income for the year**		**-**	**-**	**3,575**	**-**	**(1,253)**	**10,349**	**12,671**
6.3(a)	**Total comprehensive income for the year**		**-**	**-**	**3,575**	**-**	**(1,253)**	**(10,565)**	**(8,243)**
	Transfer of excess depreciation		-	-	(337)	-	-	337	-
	Transactions with owners								
6.3(c)(iii) Sch 1.43(b)	Dividends paid	11	-	-	-	-	-	(195)	(195)
	Employee share-based payments	5	-	-	-	(45)	-	344	299
6.3(c)(iii)	Shares issued during the year	26	115	-	-	-	-	-	115
	Share issue expenses		-	(4)	-	-	-	-	(4)
	Total transactions with owners		**115**	**(4)**	**-**	**(45)**	**-**	**149**	**215**
	At 31 December 2024		**4,015**	**7,296**	**10,217**	**1,037**	**817**	**65,462**	**88,844**

3.17(c)
3.23(b)

Consolidated statement of changes in equity

3.23(c)

For the year ended 31 December 2023.

		Note	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Share-based payments reserve £000	Foreign exchange reserve	Profit and loss account £000	Total equity £000
6.3(c) Sch 1.59(2)	**At 1 January 2023**		**3,900**	**7,300**	**3,923**	**910**	**705**	**31,348**	**48,086**
	Comprehensive income for the year								
6.3(c)(i)	Profit for the year		-	-	-	-	-	43,042	43,042
6.3A	Exchange differences on translating foreign operations		-	-	-	-	1,365	-	1,365
6.3A	Remeasurement of the net defined benefit liability	24	-	-	-	-	-	955	955
6.3A	Revaluation of tangible assets	13	-	-	3,252	-	-	-	3,252
6.3(c)(ii)	**Other comprehensive income for the year**		**-**	**-**	**3,252**	**-**	**1,365**	**955**	**5,572**
6.3(a)	**Total comprehensive income for the year**		**-**	**-**	**3,252**	**-**	**1,365**	**43,997**	**48,614**
	Transfer of excess depreciation		-	-	(196)	-	-	196	-
6.3(c)(iii)	**Transactions with owners**								
	Employee share-based payments	5	-	-	-	172	-	-	172
	Total transactions with owners		**-**	**-**	**-**	**172**	**-**	**-**	**172**
	At 31 December 2023		**3,900**	**7,300**	**6,979**	**1,082**	**2,070**	**75,541**	**96,872**

The notes on pages 37 to 86 form part of these financial statements.

3.17(c)
3.23(b)

Company statement of changes in equity

3.23(c)

For the year ended 31 December 2024.

	Note	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Share-based payments reserve £000	Profit and loss account £000	Total equity £000
6.3(c) Sch 1.59(2) **At 1 January 2024**		**3,900**	**7,300**	**1,200**	**1,082**	**10,838**	**24,320**
Comprehensive income for the year							
6.3(c)(i) Profit for the year		-	-	-	-	1,519	1,519
6.3A Revaluation of tangible assets	13	-	-	616	-	-	616
6.3(c)(ii) **Other comprehensive income for the year**		**-**	**-**	**616**	**-**	**-**	**616**
6.3(a) **Total comprehensive income for the year**		**-**	**-**	**616**	**-**	**1,519**	**2,135**
Transfer of excess depreciation		-	-	(41)	-	41	-
Transactions with owners							
6.3(c)(iii) Sch 1.43(b) Dividends paid		-	-	-	-	(195)	(195)
Employee share-based payments	5	-	-	-	(45)	344	299
6.3(c)(iii) Shares issued during the year	26	115	-	-	-	-	115
Share issue expenses		-	(4)	-	-	-	(4)
Total transactions with owners		**115**	**(4)**	**-**	**(45)**	**149**	**215**
At 31 December 2024		**4,015**	**7,296**	**1,775**	**1,037**	**12,547**	**26,670**

3.17(c)
3.23(b)

Company statement of changes in equity

3.23(c)

For the year ended 31 December 2023.

Ref		Note	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Share-based payments reserve £000	Profit and loss account £000	Total equity £000
6.3(c) Sch 1.59(2)	**At 1 January 2023**		**3,900**	**7,300**	**600**	**910**	**10,428**	**23,138**
	Comprehensive income for the year							
6.3(c)(i)	Profit for the year		-	-	-	-	390	390
6.3A	Revaluation of tangible assets	13	-	-	620	-	-	620
6.3(c)(ii)	**Other comprehensive income for the year**		**-**	**-**	**620**	**-**	**-**	**620**
6.3(a)	**Total comprehensive income for the year**		**-**	**-**	**620**	**-**	**390**	**1,010**
	Transfer of excess depreciation		-	-	(20)	-	20	-
6.3(c)(iii)	**Transactions with owners**							
	Employee share-based payments	5	-	-	-	172	-	172
	Total transactions with owners		**-**	**-**	**-**	**172**	**-**	**172**
	At 31 December 2023		**3,900**	**7,300**	**1,200**	**1,082**	**10,838**	**24,320**

The notes on pages 37 to 86 form part of these financial statements.

3.17(d)
3.23(b)

Consolidated statement of cash flows

3.23(c)

For the year ended 31 December 2024.

		Note	2024 £000	2023 £000
7.3	**Cash flows from operating activities**	**Note**		
	(Loss)/profit for the financial year		(20,914)	43,042
7.7(a) 7.8	**Adjustments for:**			
	Amortisation of intangible assets		2,182	2,021
	Depreciation of tangible assets		9,846	9,361
	Impairment of intangible fixed assets		820	-
	Net interest on defined benefit liability		1,343	1,290
	Current service cost		3,466	3,752
	Share of profit/loss for the year of equity accounted investments		(240)	-
	Share-based payment charge		299	172
	Changes in fair value of derivatives		97	(212)
	Contributions to defined benefit plans		(1,650)	(1,705)
	Gain on disposal of tangible assets		(635)	-
	Interest expense		3,710	4,327
	Interest income		(169)	(273)
	Taxation charge		(152)	12,684
	(Increase)/decrease in stocks		(6,899)	4,174
	(Increase) in debtors		(4,450)	(1,092)
	Increase in creditors		8,129	5,614
	(Decrease)/increase in provisions		(357)	1,154
7.17	Corporation tax paid		(8,312)	(3,092)
	Net cash (used in) generated from operating activities		**(13,886)**	**80,235**
7.3	**Cash flows from investing activities**			
	Purchase of intangible fixed assets		(200)	-
	Purchase of tangible fixed assets		(850)	(900)
	Proceeds from sale of tangible fixed assets		1,720	-
	Interest received		169	273
	Investment in associated undertaking		-	(3,000)
	Investment in joint venture undertaking		(2,185)	-
	Purchase of subsidiary (net of cash acquired)	28	(5,600)	-
	Dividends received from associates		150	-
	Net cash used in investing activities		**(6,796)**	**(3,627)**

3.17(d)
3.23(b)

Consolidated statement of cash flows (continued)

3.23(c)

For the year ended 31 December 2024.

7.3

7.13

	Note	2024 £000	2023 £000
Cash flows from financing activities			
Repayment of loans		(10,017)	(9,484)
Repayment of finance leases		(1,331)	(1,247)
Interest paid		(3,710)	(4,327)
Dividends paid	11	(195)	-
Issue of ordinary share capital	26	115	-
Transaction costs on issue of shares		(4)	-
Net cash used in financing activities		**(15,142)**	**(15,058)**
Net (decrease)/increase in cash and cash equivalents		**(35,824)**	**61,550**
Cash and cash equivalents at beginning of year	18	44,992	(17,377)
Foreign exchange translation adjustment		(1,739)	819
Cash and cash equivalents at the end of year	**18**	**7,429**	**44,992**

Guidance

- No statement of cashflows has been presented for the Parent Company as it has taken advantage of the exemption given in FRS 102.1.12(b)
- The exemptions given in FRS 102.1.12 are applicable for qualifying entities, being those defined as "a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation" (FRS 102 Appendix I Glossary)
- An entity can present cash flows from operating activities using either the indirect method or direct method (FRS 102.7.7). The indirect method is being used in these illustrative financial statements
- When a business combination has occurred, an entity is required to disclose the net cash flows arising from obtaining control of subsidiaries or other businesses within investing activities (FRS 102.7.10)
- Financing and investing transactions not requiring the use of cash or cash equivalents are excluded from the statement of cash flows and are disclosed elsewhere in the financial statements (FRS 102.7.18). In these illustrative financial statements this guidance applies to contingent consideration that has been recognised but not yet paid, details of which are disclosed in note 28. Other such non-cash transactions might include for example the acquisition of assets by assuming directly related liabilities or via a finance lease (FRS 102.7.19).

Notes to the financial statements

3.23(c)

For the year ended 31 December 2024.

Guidance

The regulations require information that is to be disclosed as set out in the provisions of Part 3 to Schedule 1, be done so by way of a note to the accounts. These notes are to be presented in the order in which, where relevant, the items to which they relate are presented in the statement of financial position and in the income statement (SI 2008/410 Sch 1.42(1) & (2)).

Similarly FRS 102.8.3 & 4 requires the notes to be presented in a systematic manner, as far as practicable, and the items in the primary financial statements to be cross-referenced to the relevant note(s) which are usually presented in the following order: a) a statement that the financial statements have been prepared in compliance with FRS 102, b) a summary of the significant accounting policies applied, c) detailed disclosures of the items presented in the primary financial statements in the sequence in which each statement and each line item is presented and d) other disclosures, if any.

1. General information

3.24(a)

Magnificent Cuisine Limited is a private company limited by shares and incorporated in England. Its registered office is located at Ramsay Buildings, Lawson Street, Derby, DE23 8AL.

Guidance

Disclosure of an entity's principal activities and nature of operations is required. However, if an entity discloses this information elsewhere in the annual report, it need not be repeated here (FRS 102.3.24(b)).

8.2(a)
8.5
Sch 1.44

2. Accounting policies

2.1 Statement of compliance and basis of preparation of financial statements

3.3
Sch 1.45

The Group and separate financial statements have been prepared in accordance with applicable 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. The consolidated and separate financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments and freehold property as specified in the following accounting policies.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates and it also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

3.23(b)

These financial statements include both the separate and consolidated financial statements of Magnificent Cuisine Limited.

2. Accounting policies (continued)

2.2 Parent Company separate financial statements

9.27(a)
1.11(c)(i)

In preparing the separate financial statements of Magnificent Cuisine Limited, advantage has been taken of the following disclosure exemptions available in FRS 102 on the basis the information is included in the consolidated financial statements:

- the requirement to present a statement of cash flows and the related notes;
- financial instrument disclosures (except for intercompany balances) including:
  - categories of financial instruments;
  - items of income, expenses, gains or losses relating to financial instruments; and
  - exposure to and management of financial risks;
- share-based payment disclosures.

2.3 Basis of consolidation

9.23(a)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Accounting policies consistent with those of the parent are used and all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements incorporate the results of business combinations using the purchase method as outlined in the business combination policy in note 2.26. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.4 Going concern

3.8

After reviewing the Group's forecasts and projections, which cover the 12-month period from the date of signing the financial statements, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. These forecasts and projections have considered a downside scenario in sales levels; however, management have also identified mitigating actions that could be taken to ensure that the Group has sufficient funds to meet liabilities as they fall due over the next 12 months. At the balance sheet date, the Group had £46,021k in outstanding bank loans which are subject to a debt equity covenant that is measured on a quarterly basis. Management are confident the agreed covenant will be met throughout the outlook period. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.5 Foreign currency translation

Functional and presentation currency

3.23(d) & (e)
30.26

The Group's financial statements are presented in Sterling (£) and rounded to thousands (unless stated otherwise). The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). These financial statements are then translated into the Group's presentation currency for consolidation purposes as described below.

The Company's functional and presentational currency is Sterling.

2. Accounting policies (continued)

2.5 Foreign currency translation (continued)

Transactions and balances

Sch 1.70

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency 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.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to Sterling using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income. If the Group disposes of the foreign operation the cumulative exchange difference is not reclassified to profit or loss but is transferred within equity to retained earnings.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

23.30(a)

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts. Value added tax and other sales taxes that the Group collects on behalf of the tax authority are excluded. Revenue is earned from the sale of goods (cookware, kitchenware, tableware, kitchen appliances and kitchen units) and from the rendering of services (kitchen design services and kitchen installations).

Sale of goods

Goods are sold in retail stores and via the Group's websites. Revenue from these sales is recognised when:

- the buyer has obtained the significant risks and rewards of ownership of the goods;
- the Group has no significant continuing involvement;
- the amount of revenue and associated costs can be measured reliably; and
- it is probable that the Group will receive the consideration.

2. Accounting policies (continued)

2.6 Revenue recognition (continued)

For retail store sales these criteria are considered to be met at the point of sale to the customer. Website sales are recognised at the point of acceptance of the goods by the customer when delivered. At these points, the Group's only exposure is to customer returns and standard warranty costs, for which it is able to make a reliable estimate of the related costs (see below).

Retail sales are by cash, credit or debit card and website sales by credit or debit card.

Sales to retail customers are subject to a right to return within 28 days and standard warranty terms. Returns and warranty costs are estimated using past experience and recognised as provisions as described in note 2.24.

The Group does not operate any loyalty programmes.

Rendering of services

The Group provides design and installation services. These services are typically provided as part of a bundled transaction that also include the sale of goods but are considered to be separately identifiable components. Revenue from these services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract, subject to the following conditions being satisfied:

- the amount of revenue, costs incurred, future costs to complete and stage of completion can all be measured reliably; and
- it is probable that the Group will receive the consideration.

The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Guidance

An entity's revenue recognition policy should be carefully tailored to be specific to its business and revenue contracts. The policy should be amplified where the revenue transactions include additional features and complexities. The key principle is that the reader should understand how revenue is earned, measured, and recognised in the entity's particular circumstances.

2.7 Leases

As a lessee

Finance leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset or, if lower, the present value of minimum lease payments at the inception of the lease. The corresponding liability is included in the statement of financial position as 'obligations under finance leases' with creditors. Lease payments are apportioned between finance charges and reduction of the lease liability using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are included in tangible fixed assets and are depreciated and assessed for impairment losses in the same way as owned assets.

Operating leases

Rentals payable under operating leases are generally charged to profit or loss on a straight-line basis over the lease term. However, when rental payments are structured to increase in line with expected general inflation the Group recognises rent expense equal to amounts owed to the lessor for the annual period.

The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

2. Accounting policies (continued)

2.7 Leases (continued)

As a lessor

Operating leases

20.30(c)

The Company has short-term arrangements to lease space within its corporate building to third parties. These arrangements do not result in the recognition of investment properties (see significant judgements in note 3) and are treated as operating leases.

Lease income under operating leases is generally credited to profit or loss on a straight-line basis over the lease term. However, when rental payments are structured to increase in line with expected general inflation the Company (and Group) recognises annual rent income equal to the amounts owed by the lessees.

The aggregate costs of lease incentives are recognised as a reduction to the income recognised over the lease term on a straight-line basis.

11.40

2.8 Financial instruments

Basic financial instruments

Recognition and measurement

The Group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and account receivables and payables, are initially measured at the transaction price (adjusted for transaction cost) and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangement constitutes a financing transaction, such as a trade debtor or creditor on extended credit terms, initial measurement is at the present value of future cash flows discounted at a market rate of interest. Subsequent measurement is at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If such evidence is identified, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. If the financial instrument has a variable interest rate the currently effective rate under the contract is used.

2. Accounting policies (continued)

2.8 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. At present, the Group has not offset any items.

Derecognition

A financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset expire or are settled; or
- substantially all of the risks and rewards of ownership of the financial asset have been transferred to another party; or
- when despite having retained some, but not substantially all, risks and rewards of ownership, control of the asset has been transferred to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Group derecognises the asset and recognises separately any rights and obligations retained or created in the transfer.

A financial liability is derecognised when the contract that gives rise to it is settled, sold, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Non-basic financial instruments

Derivatives

Derivatives are non-basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss within the line-item the derivative relates to. Currently the Group has forward exchange contracts to cover the fluctuation in the exchange rates related to purchases of inventories; hence, the changes in fair value of the derivatives are recorded within cost of sales. The Group does not currently apply hedge accounting.

2.9 Borrowing costs (loans and finance leases)

All borrowing costs are recognised within interest payable and similar expenses in profit or loss in the period in which they are incurred. These costs include interest expense calculated using the effective interest method and finance charges in respect of finance leases.

2.10 Other interest receivable and similar income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Group operates a number of defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no further payment obligations.

The contributions are recognised as an expense in profit or loss in the period as employees provide service. Amounts due but unpaid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. Under a defined benefit plan the Group's obligation is to provide the pension benefit to current and former employees on retirement and bear the actuarial risk and investment risk of the pension plan.

The net defined pension liability is calculated as the defined benefit obligation less the fair value of plan assets. The defined benefit obligation is calculated using the projected unit credit method, which involves estimating the amount of future benefit payments that employees have earned in return for their services, which is discounted to determine the present value. The discount rate used is the yield at the balance sheet date on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the obligations. The Group engages independent actuaries to calculate the obligation.

The cost of the defined benefit plan, recognised in profit or loss as employee costs for employee service rendered during the period, comprises:

i the increase in net pension benefit liability arising from employee service during the period; and

ii the cost of plan introductions, benefit changes, curtailments and settlements.

The Group determines the net interest expense for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments. This expense is recognised in profit or loss as a 'finance expense'.

Remeasurements of the net defined benefit liability are recognised in other comprehensive income in the period in which they occur. Remeasurements comprise actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and the return on net assets, less amounts included in net interest. Remeasurements are not reclassified into profit and loss.

28.43

2.12 Termination benefits

Termination benefits are recognised as a liability and expense in profit or loss when the Group is demonstrably committed either to terminate the employment of an employee or group of employees before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Group is demonstrably committed to a termination only when there is a detailed formal plan from which there is no realistic possibility of withdrawal.

Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

The termination benefits that arose during the year were paid out prior to the year end and so there is no outstanding liability.

2. Accounting policies (continued)

2.13 Equity settled share-based payments

In the Group accounts, where share options are awarded to employees in group companies in respect of the Company's shares, the fair value of the options is determined at the date of grant and charged to profit or loss over the vesting period. The credit entry is recorded in a share-based payments reserve within equity. The fair value is based upon the Black-Scholes model which is a well-accepted model for the valuation of share options where there are no market conditions attached. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

26.19

The Company has no employees. In the Company accounts the share-based payment charge in relation to awards made to employees of other group companies has been recognised as a capital contribution resulting in an increase in the investment in subsidiaries.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss unless it relates to a transaction recognised as other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is recognised for the amount of income tax the Company and the Group expect to pay on taxable profit for the current or past reporting periods. This is determined based on the tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Where applicable deferred tax balances are reversed if and when all conditions for retaining associated tax allowances for the cost of a fixed asset have been met; and
- Deferred is not recognised on timing differences in respect of interests in subsidiaries, associates, and joint ventures if the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only when the Group has a right to set off related current tax assets and tax liabilities, which is generally the case for balances within the same taxable entity.

2. Accounting policies (continued)

2.15 Intangible assets

Goodwill

Goodwill represents the difference between the cost of a business combination and the Group's interest in the fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses (which are not reversed).

Goodwill can be subsequently adjusted for changes to estimates of contingent considerations given in a business combination (see note 28).

Goodwill is amortised on a straight-line basis over its useful economic life. This is assessed individually for each acquisition taking into account the period over which the Group expects to realise the synergies from the combination. In the rare situation that a reliable estimate cannot be made the useful life would be set to ten years but this does not apply at present.

Other intangible assets

Intangible assets are initially recognised at cost. Subsequent to initial recognition intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. In the rare situation that a reliable estimate cannot be made the useful life would be limited to ten years but this does not apply to the Group at present.

18.27(b)
Sch 1.22

Intangible assets are amortised over their useful economic lives using a straight-line method as follows:

18.27(a)

Software	3 – 5 years
Goodwill	7 – 20 years
Trademarks	10 – 20 years

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

The Group assesses at each reporting date whether there is any indication that the intangible asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the intangible asset and recognises an impairment loss for any shortfall below carrying amount.

Research and development expenditure

All expenditure on research and development is recognised as an expense when it is incurred.

2. Accounting policies (continued)

Guidance

- FRS 102 provides an accounting policy choice to expense or capitalise development expenditure. FRS 102.18.8H sets out that an entity may recognise an intangible asset arising from development if it can demonstrate the following criteria:
  - The technical feasibility of completing the intangible asset so that it will be available for use or sale
  - The intention to complete the intangible asset and use or sell it
  - The ability to use the intangible asset or to sell it
  - How the intangible asset will generate probable future economic benefits
  - The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
  - The ability to measure reliably the expenditure attributable to the intangible asset during its development.
- Where a capitalisation policy has been adopted it must be applied consistently to all expenditure that meet the requirements of FRS 102.18.8H.

2.16 Tangible fixed assets

17.31(a)

Tangible fixed assets, with the exception of freehold property, are measured using the cost model. These assets 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.

17.31(b)

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 as follows:

17.31(c)

IT equipment	5 years
Fixture and furniture	10 years
Motor vehicles	10 years
Leasehold improvements	10 years or lease term if shorter
Freehold buildings	20 to 30 years
Machinery and other equipment	10 years

Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership, in which case the depreciation period is the useful life.

The residual values, useful lives and depreciation methods of tangible fixed assets are reviewed annually and revised if necessary. The effect of any revisions is accounted for prospectively. There were no material revisions in the periods covered by these financial statements.

17.31(a)
Sch 1.34(2)

Freehold land and buildings, all of which are located in the UK, are measured using the revaluation model. These assets are stated at fair value on the date of the latest revaluation less subsequent accumulated depreciation and any impairment losses, where applicable. Valuations are made on annual basis so that the carrying amount of these asset does not differ materially from its fair value.

At the date of revaluation, the freehold buildings accumulated depreciation is eliminated against the gross carrying amount of the asset and the carrying amount is then restated to the revalued amount of the asset.

2. Accounting policies (continued)

2.16 Tangible fixed assets (continued)

Any revaluation surplus is recognised in other comprehensive income, net of the related tax impact, and accumulated in equity, or in profit or loss if it reverses a downwards revaluation previously recognised in profit or loss. Such reversal is recorded in profit or loss. A revaluation deficit is recognised in other comprehensive income, net of the related tax impact, to the extent that it offsets an existing surplus on the same asset with any excess recognised in profit or loss.

The revaluation reserve included in equity in respect of an item of a tangible fixed assets is transferred directly to retained earnings when the asset is derecognised. However, while the asset is being used, the revaluation reserve is transferred to retained earnings for an amount equivalent to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Such transfers are not made through profit or loss.

At each reporting date tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss in accordance with the policy in note 2.17.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.17 Impairment of tangible and intangible fixed assets

At each reporting date tangible and intangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Goodwill does not generate independent cash inflows and it must therefore be tested for impairment as part of a cash-generating unit (CGU). If impairment is identified in the period, the impairment loss is first allocated to the goodwill of the respective CGU; then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the CGU. In doing so, the carrying amount of any asset in a CGU is not reduced below the highest of fair value less costs to sell (if determinable), value in use (if determinable); and zero. Any excess amount of the impairment loss which cannot be allocated to an asset because of the mentioned restriction is allocated to the other assets of the unit pro rata on the basis of the carrying amount of those other assets.

Any impairment losses recognised in respect of goodwill cannot be subsequently reversed, even if the circumstances giving rise to the original impairment loss cease to apply.

2. Accounting policies (continued)

2.18 Investments in subsidiaries

9.27(b)

Investments in subsidiaries are measured at cost less accumulated impairment in the separate financial statements of the Parent Company.

2.19 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in, but not to control or jointly control, the financial and operating policy decisions of the investee. A joint venture is an activity that is controlled jointly by the Group and one or more other investors under a contractual arrangement. The Group has investments in an associate and a joint venture established in a separate legal entity (a jointly controlled entity).

14.12(a)
15.19(a)

Investments in associates and joint ventures are recognised initially in the consolidated statement of financial position at cost (including transaction costs). Subsequently, they are accounted for using the equity method.

9.27(b)

In the separate financial statements, the Parent Company measures investments in associates and joint ventures at cost less impairment.

2.20 Stocks

13.22(a)

Stocks 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.21 Debtors

Debtors include trade debtors and certain other financial instruments (see note 2.8), prepayments, accrued income and deferred tax assets (see note 2.14). Prepayments are payments made for goods or services that will be received in the future. These are initially recorded as assets and amortised over time as the benefit of the prepaid expense is realised. Accrued income corresponds to the revenue earned during the period but not yet billed to or collected from the customer.

2.22 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.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's (and Company) cash management.

2.23 Creditors

Creditors include trade creditors and certain other short and long-term financial instruments (see notes 2.8 and note 2.26 in relation to contingent consideration).

Payments received on account corresponds to advance payments from customers for goods or services that have not yet been delivered or recognised as revenue (see note 2.6).

2.24 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable, and a reliable estimate can be made. Provisions are measured as the best estimate of the amount required to settle the obligation, considering the related risks and uncertainties, and the related increases are generally charged as an expense to profit or loss.

Provisions relating to the estimated cost of removing leasehold improvements are included as part of the cost of the asset.

2. Accounting policies (continued)

2.24 Provisions for liabilities (continued)

Standard warranties provided at the time of sale assure customers that the Group will rectify or replace items not fit for purpose. These warranties cover defects that may become apparent within a specified period (one to three years from sale). A provision is set up for expected future warranty costs triggered by the sale of defective goods. Returns provisions are determined by estimating the expected level of returns, relying on historical return experience.

Payments made in full or part settlement are set off against the related provision and reported as amounts utilised in the notes to the accounts.

Deferred tax liabilities are also presented within provisions but are measured in accordance with the Group's accounting policy on taxation (see note 2.14).

2.25 Contingent liabilities

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because a transfer of economic benefits is not probable. A contingent liability also arises if a present obligation exists but the amount required to settle it cannot be reliably estimated, although this is not currently applicable to the Group.

Contingent liabilities are not recognised unless they have arisen in a business combination. They are disclosed unless the possibility of an outflow of resources is remote.

The Group accounts for financial guarantees as contingent liabilities as it has not chosen to apply IAS 39 Financial Instruments: Recognition and Measurement and/or IFRS 9 Financial Instruments to its financial instruments or elected to apply insurance contract accounting.

2.26 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill (see note 2.15).

For the purpose of impairment testing, the goodwill acquired in a business combination is allocated, on acquisition date, to the cash-generating units that are expected to benefit from the synergies of the combination (see note 2.17).

Contingent consideration is included in the cost of the combination at the acquisition date if additional payment(s) is(are) probable and can be measured reliably. The liability is measured at the present value of the estimated future payment(s), using a discount rate reflecting conditions at the acquisition date. If the additional payment becomes probable and/or reliably measurable only after the acquisition date it is recognised as an adjustment to the cost of the combination and goodwill at that time. Similarly, if estimated future payments are revised, for example due to the non-occurrence of future events that had been expected to occur, the resulting adjustment is recorded against goodwill. However, changes resulting from the unwinding of the discount are recognised in profit or loss.

2.27 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Accounting policies (continued)

4.12(b)

2.28 Called up share capital and reserves

Called-up share capital represents the nominal value of ordinary shares that have been issued.

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with issuing shares are deducted from share premium.

The foreign currency translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

The share-based payments reserve represents the total accumulated share-based payment charge less any amounts transferred following the issue of the relevant shares.

The revaluation reserve comprises the gains arising from increases in the value of freehold property. The accounting policy at 2.16 explains when transfers to the profit or loss reserve are made.

The profit and loss account includes all current and prior period retained profits and losses.

2.29 New or revised Standards or Interpretations

10.13

Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs Periodic Review 2024

On 27 March 2024, the FRC issued Amendments to FRS 102. The effective date for most amendments is accounting periods beginning on or after 1 January 2026, with earlier adoption permitted. The Amendments include new disclosures for supplier finance arrangements that are mandatorily effective from 1 January 2025 but management has chosen to adopt these in the 2024 financial statements (see note 18).

The most significant amendments are the replacement of Section 23, now renamed Revenue from Contracts with Customers, and Section 20 Leases. The many other less significant changes, including a new Section 2A Fair Value Measurement, are not currently expected to have a material impact. The new revenue and leasing requirements seek to provide greater consistency and alignment to the international accounting standards, i.e., IFRS 15 and IFRS 16. The Group is planning for the implementation of these change and is at an early stage in evaluating their financial impact. At 31 December 2024 the Group had commitments under operating leases of approximately £43m (gross) (see note 21). Under the new lease accounting requirements management expects that these amounts would be recognised on-balance sheet, with a lease liability based on the discounted value of the future commitments, plus payments related to optional extension periods if considered reasonably certain, and a related 'right-of-use' asset. Management is reviewing existing revenue contracts to determine the overall recognition, measurement, presentation and disclosure impact.

Guidance

Section 10 of FRS 102 does not require the entity to disclose the impact of a new FRS that is issued but not yet effective. FRS 102.10.13 specifically mandates that entities provide information about the potential impact on their financial statements derived from an amendment to an FRS once it becomes effective i.e., in this case in 2026.
The potential impact on leases is voluntarily disclosed as best practice to illustrate how amendments to FRS 102 might affect future periods.

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

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

8.6

The following judgement had a significant effect on the amounts recognised in the financial statements:

Classification of corporate building as tangible fixed asset

The Group has entered into a short-term arrangement to lease space in its corporate building to third parties that is temporarily surplus to the Group's own requirements. The lease is classified as an operating lease. Management has considered the requirements in FRS 102 to separate mixed-use property between investment property and property, plant and equipment if the resulting portions could be sold separately or leased out separately under a finance lease. Management has applied judgement to conclude that the nature of the leased portion, which comprises sections of different floors amounting to less than 10% of the entire building, does not meet the criteria for separation. The entire property is therefore accounted for as property, plant, and equipment.

The corporate building along with all freehold property is accounted for under the revaluation method and the fair value is estimated on annual basis (refer below for estimation uncertainty).

8.7

The following are areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Contingent consideration

The Group has acquired a business for which part of the consideration is contingent on future performance over a two year earn-out period. A financial liability for contingent consideration has been recognised as management has applied judgement and concluded that a payment is probable and that a reliable estimate can be made. The key assumptions applied in estimating the related liability are the expected performance of the acquired business against the earn-out target (target profit 2024 >£7m, 2025 >£8.5m) and is discounted using an interest rate of 4.4%.

In line with the accounting policy in note 2.26 the liability is measured at the present value of the estimated future payment(s) using a discount rate that reflects the conditions at the acquisition date. As part of the acquisition process, a forecast is prepared of the financial performance of the business over the earn-out period. These forecasts are regularly reviewed and updated based on actual performance of the acquired business following the transaction. The liability recognised for contingent consideration, which reflects the time value of money, is disclosed in note 28 along with information about the maximum exposure.

Revaluation of freehold property

The Group has opted to account for its freehold property at fair value which was determined by independent qualified valuers using evidence from observed prices in market transactions for similar properties in similar locations. The key assumptions used for the valuation of the properties are given in note 13.

4. Turnover

23.30(b)
Sch 1.68

An analysis of turnover by class of business is as follows:

	2024 £000	2023 £000
Sale of goods	263,246	301,941
Rendering of services	175,459	193,053
	438,705	**494,994**

Sch 1.68

An analysis of turnover by country of destination:

	2024 £000	2023 £000
United Kingdom	234,352	245,026
France	80,766	105,689
Italy	69,266	77,640
United States	15,153	12,577
Colombia	25,259	35,236
New Zealand	10,660	14,247
Rest of world	3,249	4,579
	438,705	**494,994**

5. Operating (loss)/profit

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

		2024 £000	2023 £000
S411	Wages and salaries	114,440	114,287
	Social security costs	12,572	12,658
	Other pension costs	7,818	8,309
26.23	Share-based payments	299	172
	Total staff costs	**135,129**	**135,426**
	(Profit) on disposal of tangible assets	(635)	-
	Depreciation of tangible fixed assets	9,847	9,361
	Amortisation of intangible assets	2,182	2,021
	Impairment of intangible fixed assets	820	-
11.48(c)	Impairment of trade receivables	29	286

5. Operating (loss)/profit (continued)

	Advertising and marketing expenses	11,820	10,576
	Warehouse costs for finished goods	15,105	14,940
	Inventory recognised as an expense	198,953	203,880
13.22(d)	Impairment of inventory	2,044	2,998
20.16(b)	Operating lease expense	3,810	3,732
30.25(a)	Net foreign exchange gains	1,326	1,502
11.48(a) Sch 1.55	Changes in fair value of derivatives	97	(212)
18.29	Research and development expense	2,804	404
	Reorganisation costs	4,966	-
	Utilities	14,066	8,769
	Property expenses	1,689	1,896
	Transport cost (part of distribution expenses)	43,416	30,096
	Legal and professional fees	521	419
	Other	7,048	7,811
SI 2008/489 Tech 01/22	Auditor remuneration: Fees payable to the company's auditor for the audit of the Parent Company and the Group's consolidated financial statements	438	404
	Fees payable to the company's auditor and its associates for other services: Audit of the financial statements of subsidiaries	215	180
	Tax compliance services	110	95
		455,800	**434,584**

5.9A
28.43

On 6 July 2024, the Group acquired Smith Kitchens Ltd in the UK. The Group incurred reorganisation costs of £4,966k due to the streamlining of their manufacturing and warehouse facilities since the acquisition which has resulted in redundancies (£2,556k) and early termination of a lease (£2,410k). These costs are included in administrative expenses in the statement of comprehensive income.

5. Operating (loss)/profit (continued)

Guidance

- These illustrative financial statements adopt profit and loss account 'Format 1' as per SI 2008/410, which shows expenses based on their function in the business (cost of sales, administration costs etc). Whichever format is used, FRS 102.5.9A requires separate disclosure of the nature and amount of material items included in total comprehensive income.

  It is considered good practice to meet this requirement by disclosing material costs by nature in a single note that enables reconciliation to the statement of comprehensive income. In taking this approach it is common to aggregate amounts that are not individually material into an 'other operating expenses' or similar category. Other approaches are also acceptable.

- Section 494 of the Companies Act 2006 and The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 (SI 2008/489, as amended by SI 2011/2198 and SI 2016/649) require entities to disclose the auditor remuneration for auditing of the annual accounts and other services i.e., all audit, non-audit and assurance related services, taxation compliance and advisory services, internal audit services, any services linked to corporate financial deals done or planned by the parent entity or its associates including the auditing of accounts of any associate of the entity. The audit fee includes all amounts receivable by the auditor for the work done while reviewing the parent company and group's accounts; therefore, VAT should be excluded irrespective of whether it is recoverable or not.

  Irrespective of whether a single fee has been agreed for the audit and other services, the entity is still required to disaggregate the fee by services in line with Schedule 2 of the Regulation. There is no exemption from disclosing immaterial amounts.

  If multiple individuals or audit firms have been chosen as the entity's auditors for the period covered by the accounts, the entity must separately disclose the payments to each of the auditors.

  There is no requirement to disclose details about services, other than the audit of the annual accounts, done after the period has ended or contracts for services that have not been carried out yet.

  TECH 01/22 – Disclosure of Auditor Remuneration, issued by the ICAEW in April 2022, provides further guidance.

6. Employees

No staff costs were capitalised during the year (2023: £Nil).

28.40

The Group operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £4,352k (2023: £4,557k).

6. Employees (continued)

S411

The average monthly number of employees, including the executive directors, during the year was as follows:

	2024 No.	Restated 2023 No.
Manufacturing	954	768
Warehousing and distribution	72	151
Sales	2,390	2,659
Administration	397	363
	3,813	**3,941**

The Company had no employees during 2024 (2023: Nil).

When the transition to an external payroll service provider occurred in mid-2023, incorrect cost centre codes were assigned to some personnel. This resulted in some employees being reported as part of administration rather than warehousing and distribution as explained further in note 31.

7. Directors' remuneration

Sch 5.1(1)(a)

The aggregate remuneration of the directors was £2,046k (2023: £1,849k).

Sch 5.1(3)(b)(i)

During the year, one director exercised share options (2023: Nil).

Sch 5.1(1)(d)

The Group paid £89k (2023: £80k) into defined contribution pension schemes and £21k (2023: £19k) into defined benefit pension schemes.

Sch 5.1(2)

During the year retirement benefits accrued to three directors (2023: three) in respect of defined contribution pension schemes and two directors (2023: two) in respect of defined benefit pension schemes.

Guidance

- Where applicable the following should also be disclosed:
  - The aggregate amount of money paid to or receivable by directors under long-term incentive schemes in respect of qualifying services and the aggregate net value of assets (other than money, shares and share options) received or receivable by directors under such schemes in respect of such services (SI 2008/410 Sch 5.1(1)(c), (3)(a))
  - The number of directors who received shares (or had shares receivable) in respect of qualifying services under long-term incentive schemes (SI 2008/410 Sch 5.1(3)(b)(ii))
  - The aggregate amount of excess retirement benefits of directors and past directors (SI 2008/410 Sch 5.2(3))
  - The aggregate amount of any compensation to directors or past directors in respect of loss of office (SI 2008/410 Sch 5.2(4))
  - The aggregate amount of sums paid to third parties in respect of directors' services (SI 2008/410 Sch 5.2(5)).

7. Directors' remuneration (continued)

Sch 5.2(1)(a)

The highest paid director received remuneration of £568k (2023: £498k).

Sch 5.2(1)(b)

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20k (2023: £19k).

Guidance

- Where applicable the following should also be disclosed:
  - If the highest-paid director has participated in a defined benefit pension scheme in respect of qualifying services during the year, the amount of accrued pension at the end of the year and the amount of accrued lump sum at the end of the year (SI 2008/410 Sch 5.2(2))
  - Whether the highest-paid director exercised any share options (SI 2008/410 Sch 5.2(3))
  - Whether any shares were received or receivable by that director in respect of qualifying services under a long-term incentive scheme (SI 2008/410 Sch 5.2(3))
  - If the director has not been involved in any such transactions, there is no need to state that fact (SI 2008/410 Sch 5.2(4)).

8. Other Interest receivable and similar income

Reference		2024 £000	2023 £000
11.48(a)(iii)	Interest received from bank accounts	169	273
11.48(b) 23.30(b)(iii)	**Total other interest receivable and similar income**	**169**	**273**

All the interest received in the periods are related to financial assets measured at amortised cost.

9. Interest payable and similar expenses

Reference		2024 £000	2023 £000
Sch 1.66	**Interest payable related to:**		
	Finance leases	3,149	3,682
	Bank loans and overdrafts	561	645
11.48(b) 11.48(a)(iv)	**Interest expense for financial liabilities not measured at fair value through profit or loss**	**3,710**	**4,327**
	Net interest on pension liability	1,343	1,290
	Total interest payable and similar expenses	**5,053**	**5,617**

10. Taxation

29.26
Sch 1.67(2)

	2024 £000	2023 £000
Corporation tax		
UK Corporation tax	999	12,481
Adjustments in respect of previous periods	(730)	(1,195)
Overseas taxation	521	1,911
Total current tax	**790**	**13,197**
Deferred tax		
Origination and reversal of timing differences	(942)	(393)
Changes to tax rates	-	(120)
Total deferred tax	**(942)**	**(513)**
Taxation on (loss)/profit on ordinary activities	**(152)**	**12,684**

29.27(a)

A deferred tax charge of £2,262k (2023: £3,846k credit) has been recognised in other comprehensive income (OCI) relating to revaluations and actuarial movements in defined benefit pension balances presented in OCI.

Factors affecting tax charge for the year

The tax assessed for the year is higher (2023: higher) than the standard rate of corporation tax in the United Kingdom at 25% (2023: 23.5%). The differences are explained below:

29.27(b)

	2024 £000	2023 £000
(Loss)/profit on ordinary activities before tax	(21,066)	55,726
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 23.5%)	**(5,267)**	**13,096**
Effects of:		
Expenses not deductible for tax purposes	4,254	2,264
Difference in overseas tax rates	1,591	(1,361)
Prior year adjustments	(730)	(1,195)
Remeasurement of deferred tax due to change in UK tax rate	-	(120)
Taxation on (loss)/profit on ordinary activities	**(152)**	**12,684**

Factors that may affect future tax charges

In 2021 an increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted. The 25% rate is used to measure UK deferred taxes in 2024 (and in 2023 the 23.5% rate used reflects 9 months of the new rate and 3 months of the previous rate of 19% to the extent the related timing differences were expected to reverse after 1 April 2023).

11. Dividends

		2024 £000	2023 £000
Sch 1.43(b)	**Paid during the year**	**195**	**-**

Sch 1.43(a) No final dividends are proposed.

12. Intangible assets

Group

Sch 1.51 18.27(e) 19.26		Software £000	Trademarks £000	Goodwill £000	Total £000
	Cost				
18.27(c)	**At 1 January 2024**	**4,270**	**-**	**16,262**	**20,532**
18.27(e)(i)	Additions	200	-	-	200
18.27(e)(iii)	Acquisitions through business combinations	725	1,520	923	3,168
18.27(e)(vii)	Exchange differences	(103)	-	(338)	(441)
18.27(c)	**At 31 December 2024**	**5,092**	**1,520**	**16,847**	**23,459**
	Amortisation and impairment				
18.27(c)	**At 1 January 2024**	**2,422**	**-**	**6,505**	**8,927**
18.27(e)(v)	Amortisation charge for the year	459	76	1,647	2,182
18.27(e)(vi)	Impairment	820	-	-	820
18.27(e)(vii)	Exchange differences	(73)	-	(162)	(235)
18.27(c)	**At 31 December 2024**	**3,628**	**76**	**7,990**	**11,694**
	Net book value				
	At 31 December 2024	**1,464**	**1,444**	**8,857**	**11,765**
	At 31 December 2023	**1,848**	**-**	**9,757**	**11,605**

27.32(a) 27.33(d) 27.33A

An impairment loss of £820k (2023: £Nil) was recognised for the Group's telephone ordering system which has been superseded by an online ordering system acquired in the business combination.

18.27(d) 27.32(a)

Amortisation and impairment of intangible assets is charged to administrative expenses.

18.28(a)

The Group has individually material trademarks (2023: £Nil) as follows:

	Carrying amount £000	Remaining amortisation period
SmartDelight©	765	9 years
KeyMatic©	679	7 years

The Company has no intangible assets at 31 December 2024 (2023: £Nil).

12. Intangible assets (continued)

Guidance

- The reconciliation is not required for prior periods per FRS 102.17.31(e).
- At every reporting date, an entity must assess whether there are any indicators suggesting potential impairment of an asset. If such signs are present, the entity should calculate the asset's recoverable amount (being the higher of fair value less cost to sell and value in use). Assets should be assessed for impairment individually unless the asset's cash inflows are closely linked to other assets or asset groups in which case the recoverable amount is determined for the cash-generating unit (CGU) to which the asset is associated. For instance, goodwill which by itself cannot be sold is assessed for impairment as part of a CGU or group of CGUs.

  In estimating the VIU of the CGU(s), FRS 102.27.20 requires the future pre-tax cash flows to be discounted using a pre-tax discount rate. Whilst, in practice, post-tax cash flows discounted at a post-tax discount rate may lead to the same results as pre-tax cash flows at pre-tax discount rates, this approach may not be appropriate in all cases.

  When disclosing the impairment loss or reversal (of either goodwill or any other non-financial assets), the entity should disclose for each of the classes of non-financial assets (as listed in FRS 102.27.33):
  - A description of the circumstances that led to the recognition of the impairment loss or reversal of it
  - The amount of the loss or reversal recognised in the period, with indication of the line in which such amounts were recognised in the statement of comprehensive income
  - If the formats per Schedule 1 of SI 2008/410 are used, under format 1 (i.e., classification by function) the impairment loss should be recorded in the same line where the asset's depreciation is shown. Where the format 2 is used, the line item "Depreciation and other amounts written off tangible and intangible fixed assets" should be used to account for the impairment losses. If on the contrary, the entity uses an adapted format, a breakdown of expenses should be provided either in the income statement itself or in the accompanying notes
  - In many cases recognition and measurement of impairments (and reversals) will involve significant judgement and/or estimation uncertainty. In such cases the disclosures required by FRS 102.8.6 & 7 apply, and information about the judgements made, key assumptions and amounts at risk of future adjustment should be provided. In these illustrative financial statements, the circumstances of the impairment are such that no significant judgements were required and there is little estimation uncertainty; hence, these disclosures have not been illustrated.

13. Tangible fixed assets

Sch 1.51
17.31 (e)

Group

Ref		IT equipment £000	Fixtures and furniture £000	Motor vehicles £000	Leasehold improvement £000	Freehold land and buildings £000	Machinery and other equipment £000	Total £000
	Cost or valuation							
17.31 (d)	**At 1 January 2024**	**7,670**	**12,836**	**18,000**	**15,756**	**59,300**	**13,433**	**126,995**
17.31 (e)(i)	Additions	850	-	-	-	-	-	850
17.31 (e)(iii)	Acquisitions through business combinations	-	-	-	-	-	4,500	4,500
17.31 (e)(ii)	Disposals	-	-	(1,550)	-	-	-	(1,550)
17.31 (e)(iv)	Revaluation adjustment	-	-	-	-	1,775	-	1,775
17.31 (e)(viii)	Exchange differences	(174)	(242)	-	(204)	-	-	(620)
17.31 (d)	**At 31 December 2024**	**8,346**	**12,594**	**16,450**	**15,552**	**61,075**	**17,933**	**131,950**
	Depreciation							
17.31 (d)	**At 1 January 2024**	**4,610**	**7,595**	**12,630**	**8,946**	**-**	**6,200**	**39,981**
17.31 (e)(vii)	Charge for the year	1,510	1,175	1,645	1,550	2,398	1,568	9,846
17.31 (e)(ii)	Disposals	-	-	(465)	-	-	-	(465)
17.31 (e)(iv)	Revaluation adjustment	-	-	-	-	(2,398)	-	(2,398)
17.31 (e)(viii)	Exchange differences	(170)	(173)	-	(28)	-	-	(371)
17.31 (d)	**At 31 December 2024**	**5,950**	**8,597**	**13,810**	**10,468**	**-**	**7,768**	**46,593**
	Net book value							
	At 31 December 2024	**2,396**	**3,997**	**2,640**	**5,084**	**61,075**	**10,165**	**85,357**
	At 31 December 2023	**3,060**	**5,241**	**5,370**	**6,810**	**59,300**	**7,233**	**87,014**

Sch 1.53

Included within freehold property there are retail stores, a warehouse, the corporate building and the respective land. The land has a carrying amount of £7,975k and is not depreciated.

17.32A(a)-(c)

On 31 December 2024 the freehold property was revalued. The fair value was determined by independent professionally qualified valuers. The main input into the valuations was the market-based sales price per square metre, which ranged from £376/sqm to £425/sqm for the various properties.

17.32A(d)
Sch 1.34(3)

Under the cost model, the carrying amount of the freehold property would have been £48,905k (2023 £50,966k), comprised of cost of land £7,425k (2023: £7,425k) and cost of properties £49,725k (2023: £49,725k) less accumulated depreciation of £8,245k (2023: £6,184k).

13. Tangible fixed assets (continued)

17.32(a)
Sch 1.63(1)

Tangible fixed assets with a carrying value of £61,075k (2023: £59,300k) (corresponding to total freehold land and buildings) are pledged as security for the Group's bank loans.

20.13(a)

Machinery, with a net carrying value of £5,890k (2023: £7,233k), is held under finance leases.

17.32(b)
Sch 1.63(2)

The Group had capital commitments for machinery of £6,486k (2023: £Nil).

Company

Reference		Freehold land and buildings £000
	Cost or valuation	
17.31 (d)	**At 1 January 2024**	**8,950**
17.31 (e)(iv)	Revaluation adjustment	325
17.31 (d)	**At 31 December 2024**	**9,275**
	Depreciation	
17.31 (d)	**At 1 January 2024**	**-**
17.31 (e)(vii)	Charge for the year	291
17.31 (e)(iv)	Revaluation adjustment	(291)
17.31 (d)	**At 31 December 2024**	**-**
	Net book value	
	At 31 December 2024	**9,275**
	At 31 December 2023	**8,950**

Sch 1.53

The Company's only tangible fixed asset is a freehold property comprised of the corporate building and its respective land. The land has a carrying amount of £1,000k and is not depreciated.

17.32A(a)-(c)

The revaluation took place on the same date as the Group, following the same valuation methods and assumptions.

17.32A(d)
Sch 1.34(3)

Under the cost model, the carrying amount of the freehold property would have been £7,200k (2023: £7,450k) comprised of land £700k (2023: £700k) and cost of building £7,500k (2023: £7,500k) less accumulated depreciation of £1,000k (2023: £750k).

17.32(a)
Sch 1.63(1)

The Company has no tangible fixed assets pledged as security (2023: £Nil).

13. Tangible fixed assets (continued)

Guidance

- When applying the revaluation method, all items within a class of assets must be revalued. Examples of classes include land and buildings, machinery, among others. These broad categories of assets may be grouped and classified further into smaller groups of assets of a similar nature and use (FRS 102.17.15)
- To determine the fair value of the assets if there is no market-based evidence of fair value because of their specialised nature, then income or depreciated replacement cost approaches are permitted
- FRS 102 does not specify the treatment of accumulated depreciation at the date of an upward revaluation. In practice two methods are observed. The first is to eliminate accumulated depreciation against its gross carrying amount which is then adjusted to equal the new valuation. The second is to adjust both the gross carrying amount and the accumulated depreciation in a manner that is consistent with the revaluation. In these illustrative financial statements the first method has been adopted.

14. Fixed asset investments

Total fixed asset investments comprise:

	Group		Company	
	2024 £000	**2023 £000**	**2024 £000**	**2023 £000**
Interests in subsidiaries	-	-	13,652	5,702
Interests in associates	3,090	3,000	3,000	3,000
Interests in joint ventures	2,185	-	2,185	-
	5,275	**3,000**	**18,837**	**8,702**

14. Fixed asset investments (continued)

14.1 Subsidiary undertakings

Sch 4.1
Sch 4.17

The following were subsidiary undertakings of the Company:

Name	Registered Office	Principal activity	Class of shares	Holding
Brighton Ltd	2 Glass Wharf, Bristol, BS2 0EL, United Kingdom	Retail and distribution	Ordinary	100%
Normandy Ltd	29 Rue Du Pont 92200, Neuilly Sur Seine, Ile De France	Retail and distribution	Ordinary	100%
Smith Kitchens Ltd[1]	Neo House, Riverside Drive, Aberdeen, AB11 7LH, United Kingdom	Manufacturing and installation	Ordinary	100%
Engaging Holdings Ltd[2]	37 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN, United Kingdom	Holding company	Ordinary	100%
Barbecues Ltd[2]	17th Floor, 103 Colmore Row, Birmingham, B3 3AG, United Kingdom	Holding company	Ordinary	100%
Kitchen Safari Ltd	103 Colmore Row, Birmingham, B3 3AG, United Kingdom	Manufacturing	Ordinary	100%
Floors USA Inc.	155 North 400 West, Suite 135, Salt Lake City, UT 84103, United States	Retail and distribution	Ordinary	100%
Kitchen Safari Inc.	3825 Edwards Road, Suite 430, Cincinnati, OH 45209, United States	Manufacturing and installation	Ordinary	100%
Spazio Ghidini SRL	Via Melchiorre Gioia, 8, 20124 Milano MI, Italy	Manufacturing, Retail and distribution	Ordinary	100%
Todo en Cocinas Ltda	Calle 102a #No 47 A 09, Bogotá, Colombia	Manufacturing, Retail and distribution	Ordinary	100%
Modern Kitchens	Level 3, Grant House, 134 Oxford Terrace, P O Box 2099, Christchurch 8140, New Zealand	Manufacturing, Retail and distribution	Ordinary	100%
Sanwa Ltd	Akasaka K-tower 22F, 1- 2-7 Motoakasaka, Minato-ku, Tokyo 107-0051 Japan	Retail and distribution	Ordinary	100%
Colombo Kitchens Ltd	11th Floor Capital Tower, All Seasons Place, 87/1 Wireless Road Lumpini, Pathumwan Bangkok 10330, Thailand	Retail and distribution	Ordinary	100%

1. Acquired in 2024

2. The subsidiary has claimed the exemption from audit under s479A of the Companies Act 2006

Sch 4.16

All the above subsidiaries are included in the consolidation. All investments are held indirectly except for Engaging Holdings Ltd and Barbecues Ltd which are held directly by the Company.

14. Fixed asset investments (continued)

14.1 Subsidiary undertakings (continued)

Sch 1.51

	Company	
	2024 £000	2023 £000
Subsidiaries		
Cost at 1 January	**6,045**	**5,873**
Capital contribution	299	172
Acquisition of subsidiary	7,650	-
	13,994	**6,045**
Impairment at 1 January	**(342)**	**(343)**
Charge of the period	-	-
	(342)	**(343)**
Net book value at 31 December	**13,652**	**5,702**

14.2 Associates

Sch 1.51

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
At 1 January	**3,000**	**-**	**3,000**	**-**
Additions	-	3,000	-	3,000
Share of profit or loss	240	-	-	-
Dividends received	(150)	-	-	-
At 31 December	**3,090**	**3,000**	**3,000**	**3,000**

14.12(b)

At 31 December 2024 (and 2023) the Group and Company had interests in the following associate:

Name	Registered Office	Class of shares	Holding
Smart Appliances Ltd	Southampton Science Park, Chilworth, SO16 7QJ, United Kingdom	Ordinary	30%

Sch 4.19

14.13 & 14

On 31 December 2023, the Company acquired 30% of the ordinary shares of Smart Appliances Ltd for £3,000k. For the year ended 31 December 2024, Smart Appliances Ltd recognised a profit of £800k. The Company received dividends of £150k which were recognised in the Company's income statement.

14.12(c)

Smart Appliances Ltd is a private company and does not have published share price quotations.

14. Fixed asset investments (continued)

14.3 Joint ventures

Sch 1.51

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
At 1 January	**-**	**-**	**-**	**-**
Additions	2,185	-	2,185	-
Share of profit or loss	-	-	-	-
Dividends received	-	-	-	-
At 31 December	**2,185**	**-**	**2,185**	**-**

15.19(b)

At 31 December 2024 the Group and Company had interests in the following joint venture:

Sch 4.19

Name	Registered Office	Holding
Happy Kitchens Ltd	1 Holly Street, Sheffield, South Yorkshire, S1 2GT, United Kingdom	50%

On 29 December 2024 the Parent Company and Solutions Ltd (the venturers) formed a joint venture (Happy Kitchens Ltd). On incorporation, both venturers contributed £2,185k in exchange for 50% of the share capital.

15.20 Happy Kitchens Ltd's profit or loss from incorporation to 31 December 2024 was immaterial.

15.19(c) Happy Kitchens Ltd is a private company and does not have published share price quotations.

15.19(d) The Group (and the Company) has no additional commitments relating to Happy Kitchens Ltd.

Guidance

- In the consolidated financial statements of a venturer and/or investors that is a parent, the investments in joint controlled entities and associates are required to be accounted for using the equity method, except when the investments are held as part of an investment portfolio, in which case, those are measured at fair value with changes recognised in profit or loss (FRS 102.14.4A-4B, 15.9A-9B)
- In the separate financial statements, the parent has an accounting policy choice and can elect to measure the investments in subsidiaries, associates, and joint controlled entities either at cost or at fair value through other comprehensive income or through profit or loss (FRS 102.9.26). In these illustrative financial statements the cost model has been adopted.

15. Stocks

13.22(b)

	2024 £000	2023 £000
Raw materials	10,788	3,330
Consumables	1,115	1,345
Work in progress	2,341	4,896
Finished goods and goods for resale	42,229	39,597
	56,473	**49,168**

13.22(d)
27.32(a)
27.33(a)
27.33A

An impairment loss of £2,044k (2023: £2,998k) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

13.22(e)

There are no inventories pledged as security for liabilities.

Company

The Company had no inventories at 31 December 2024 (2023: £Nil).

Guidance

The difference between the carrying value and replacement cost of stocks per SI 2008/410 Sch 1.28(3,4,5), is not being illustrated as it is only required if the difference is material.

16. Debtors

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Trade debtors	67,951	61,322	-	-
Prepayments	5,400	5,077	-	-
Deferred taxation	11,770	13,417	-	-
Accrued income	2,178	3,680	-	-
Amounts owed by group undertakings	-	-	630	500
Other debtors	1,800	1,300	-	-
Derivatives	115	212	-	-
	89,214	**85,008**	**630**	**500**

11.48(c)

An impairment loss of £314k (2023: £286k) was recognised against trade debtors.

4.4A
Sch 1 formats (para 5)

The deferred tax asset of £11,770k (2023: £13,417k) falls due after more than one year.

17. Deferred tax

Group

The deferred tax asset and provision consists of the following deferred tax assets and liabilities:

29.27(e)

	2024 £000	2023 £000
Accelerated capital allowances	(1,707)	(2,610)
Acquired intangible assets	(404)	-
Acquired tangible assets	(175)	-
Defined benefit pensions	11,525	13,189
Revalued fixed assets	(1,403)	(805)
Share-based payments	167	125
Derivative contracts	(29)	(51)
Other timing differences	94	102
	8,068	**9,950**
Deferred tax assets	11,770	13,417
Deferred tax liabilities	(3,702)	(3,467)
	8,068	**9,950**

29.27(c)

The amount of the net reversal of deferred tax expected to occur next year is £750k (2023: £1,899k) relating to the reversal of existing timing differences on tangible fixed assets.

29.27(e)

There are no unused tax losses.

Guidance

Deferred tax assets and liabilities have been presented gross as they do not meet the criteria for offset in these illustrative financial statements. FRS 102.29.24A sets out the criteria for offsetting deferred tax assets and liabilities. These are not repeated here in full but, in summary, are linked to the entity's right and intentions to set off the related current tax assets and liabilities. In our experience the offsetting criteria are typically met for deferred tax balances arising within the same UK legal entity.

18. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Cash at bank and in hand	2,075	9,910	-	3,049
Short-term investments	5,792	35,082	215	5,030
	7,867	**44,992**	**215**	**8,079**

18. Cash and cash equivalents (continued)

7.20

For the purpose of the statement of cash flows, cash and cash equivalents include:

	Group	
	2024 £000	2023 £000
Cash at bank and in hand	2,075	9,910
Short-term investments	5,792	35,082
Bank overdrafts	(438)	-
	7,429	**44,992**

Guidance

- Bank overdrafts are normally considered financing activities similar to bank loans. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents (FRS 102.7.2)
- An entity is required to present the components of cash and cash equivalents and a reconciliation of the amounts presented in the statement of cash flows to the equivalent items presented in the statement of financial position. However, such as reconciliation is not required if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position (FRS 102.7.20).

Supplier finance arrangements

7.20C(a)

The Group has entered into reverse factoring arrangements involving certain suppliers and a 3rd party bank. Under these arrangements, the bank pays the specified supplier for invoiced amounts earlier than the original due date, and the Group subsequently repays the bank on agreed-upon extended terms. This enables the Group to manage its working capital more effectively. The early payment to suppliers not only guarantees early payment discounts but also secures prompt delivery of materials.

7.20C(b)(i)

	2024 £000
Balance of trade creditors that are part of supplier finance arrangements [presented in trade creditors, within creditors: amounts falling due within one year]	**4,429**

7.20C(b)(ii)

The range of payment due dates for financial liabilities under supplier finance arrangements is between 90 to 120 days, compared to 60 to 90 days for comparable trade creditors that are not part of the arrangements.

7.20C(c)

There were no material non-cash changes in the carrying amounts of trade creditors under supplier finance arrangements.

18. Cash and cash equivalents (continued)

Guidance

- As part of the Periodic Review 2024 amendments, disclosure requirements were introduced in Section 7 based on the IASB's May 2023 amendment Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7). New paragraphs 7.20B and 7.20C were added.
- Supplier finance arrangements are not defined but are described as arrangements characterised by a finance provider paying amounts an entity owes to its suppliers, with the entity agreeing to pay on the same date or later than the suppliers are paid. These arrangements typically extend payment terms for the entity or offer early payment to suppliers compared with the related invoice payment due date.
- Entities must now disclose, in aggregate (or disaggregated where terms are dissimilar):
  - The key terms and conditions of these arrangements, including extended payment terms, interest charges, and any security or guarantees provided
  - The carrying amounts and associated line items of financial liabilities under these arrangements
  - The range of payment due dates for both these liabilities and comparable trade payables not subject to such arrangements, and
  - The type and effect of non-cash changes in the carrying amounts of these liabilities.
- Qualifying entities are not required to provide the disclosures if equivalent disclosures are provided in the consolidated financial statements where the qualifying entity is included.
- The new disclosures are required for annual periods starting on or after 1 January 2025 but have been early adopted in these illustrative financial statements. Entities are not required to disclose comparative information in the first year of application but this is required in subsequent years.

7.22

19. Net debt reconciliation

Group	At 1 January 2024	Cash flows	Acquisition and disposal of subsidiaries (gross cashflows)**		Other non-cash changes*	At 31 December 2024
	-	-	Inflow	Outflow	-	-
Cash at bank and in hand	9,910	(6,965)	1,250	(2,120)	-	2,075
Short-term investments	35,082	(24,560)	-	(4,730)	-	5,792
Bank overdrafts	-	(438)	-	-	-	(438)
Bank loans	(56,038)	13,167	-	-	(3,149)	(46,020)
Obligations under finance leases	(8,207)	1,891	-	-	(561)	(6,877)
	(19,253)	**(16,905)**	**1,250**	**(6,850)**	**(3,710)**	**(45,468)**

* Other non-cash changes represent interest expense determined using amortised cost accounting

** The net cashflows for the acquisition of the subsidiary were £5,600k (see business combination note 28)

Guidance

- The analysis of net debt does not require comparatives (FRS 102.7.22)
- Net debt consists of the bank loans of an entity, together with any related derivatives and obligations under finance leases, less any cash and cash equivalents. In these illustrative financial statements, there are derivatives (forward contracts) that are not related to debt; hence, these are not part of the net debt reconciliation.

20. Creditors

Amounts falling due within one year

	Group		Company	
	2024 £000	**2023 £000**	**2024 £000**	**2023 £000**
Trade creditors	25,501	25,652	-	-
Accruals	20,913	12,267	-	-
Other taxation and social security	5,713	5,601	-	-
Bank loans	10,579	10,017	-	-
Amounts owed to group undertakings	-	-	1,049	1,911
Payments received on account	7,034	4,003	-	-
Other creditors	1,636	2,532	-	-
Obligations under finance lease	1,421	1,331	-	-
Contingent consideration	800	-	800	-
Bank overdrafts	438	-	438	-
Corporation tax	318	8,782	-	-
	74,353	**70,185**	**2,287**	**1,911**

20. Creditors (continued)

Amounts falling due after more than one year

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Obligations under finance leases	5,456	6,876	-	-
Bank loans	35,441	46,021	-	-
	40,897	**52,897**	**-**	**-**
	115,250	**123,082**	**2,287**	**1,911**

Sch 1.61(4)

The bank loans of £46,020k (2023: £56,038k) are secured against assets of the Group and Company as explained in note 13.

21. Leases

As a lessee

Finance leases

20.13(b)

The Group's future minimum lease payments are as follows:

	2024 £000	2023 £000
Not later than one year	1,892	1,892
Later than one year and not later than five years	5,554	6,560
Later than five years	886	1,771
	8,332	**10,223**
Future finance charges	(1,455)	(2,016)
Net carrying amount of obligations under finance leases	**6,877**	**8,207**

20.13(c)

The finance leases are for machinery which is rented for periods of up to 10 years. These are recognised as tangible fixed assets (see note 13). The lease agreements are for fixed lease payments and include a purchase option at the end of the lease term.

The Company had no commitments under non-cancellable finance leases at year end (2023: £Nil).

21. Leases (continued)

Operating leases

20.16(a)

The Group's future minimum lease payments under non-cancellable operating leases are as follows:

	2024 £000	2023 £000
Not later than one year	3,891	3,810
Later than one year and not later than five years	16,401	16,062
Later than five years	22,530	26,759
	42,822	**46,631**

The operating leases are for commercial properties (offices and retail stores) in Europe, America and Oceania. The lease terms are up to ten years. Payments for some leases are adjusted annually on the basis of a general inflation index.

The Company had no commitments under non-cancellable operating leases at year end (2023: £Nil).

As a lessor

Operating leases

20.30(a)

The Group's (and Company's) future minimum payments receivable under non-cancellable operating leases at the reporting date are as follows:

	2024 £000	2023 £000
Not later than one year	125	673
Later than one year and not later than five years	385	510
Later than five years	-	-
	510	**1,183**

Lease payments recognised as 'other operating income' in the period were £673k (2023: £660k).

As indicated in the accounting policy in note 2.7, the Company has short-term arrangements to lease space within its corporate building to third parties. These arrangements do not result in the recognition of investment properties and are treated as operating leases (see significant judgements made in note 3).

20.30(b)

There were no contingent rents in the period (2023: £Nil).

Guidance

When an entity has mixed use property, if the portions under leases can be rented out or sold separately under finance leases, such portions should be accounted for as investment properties unless the fair value of the investment property component cannot be measured reliably in which case the entire property should be treated as property, plant, and equipment (FRS 102.16.4). In these illustrative financial statements, the portion of the properties rented out by the Group did not result in the recognition of investment properties.

22. Financial instruments

The carrying values of the main categories of financial assets and liabilities at year-end were:

11.41
Sch 1.55(2)(b)

	2024 £000	2023 £000
Financial assets measured at fair value through profit or loss		
Derivatives	115	212
	115	**212**
Financial assets measured at amortised cost		
Cash at bank and in hand	7,867	44,992
Trade debtors	67,951	61,322
Other debtors	1,800	1,300
	77,618	**107,614**
Financial liabilities measured at amortised cost		
Trade creditors	25,501	25,652
Bank loans	46,020	56,038
Other creditors	1,636	2,532
Bank overdraft	438	-
	73,595	**84,222**
Other financial liabilities		
Contingent consideration	800	-
Obligations under finance leases	6,877	8,207
	7,677	**8,207**
	159,005	**200,255**

11.43
Sch 1.55(2)(a)

The derivatives are foreign currency forward contracts not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract.

22. Financial instruments(continued)

Company

At year-end the Company has intercompany debtors for £630k (2023: £500k) as set out in note 16, and intercompany creditors for £1,049k (2023: £1,911) as set out in note 20. These are both measured at amortised cost and relate to transactions with Brighton Ltd as described in note 30.

Guidance

- The table above is a voluntary disclosure. FRS 102.11.41 requires the entity to disclose separately only the carrying amounts at the reporting date of financial assets and financial liabilities measured at fair value through profit or loss. For completeness, an entity can elect to disclose the financial assets and financial liabilities measured at amortised cost
- Obligations related to finance leases are out of the scope of section 11 and 12 of FRS 102; however, the derecognition requirements still apply (FRS 102.11.7(b))
- Similarly contingent consideration is out of the scope of Section 12 and Section 21 of FRS 102. However, in these illustrative financial statements, the Group measures the balances that qualify for recognition using amortised cost principles – see note 28 (FRS 102.11.16, 20)
- Some accruals may meet the definition of a financial asset or financial liability; however, in these illustrative financial statements the accruals do not meet this definition.

22.1 Bank loans

11.42

The Group has a loan with Lombard Bank which is repayable over the period until 2028.
The interest rate on the loan is 5.62%.

Bank loans (including bank overdraft) are repayable as follows:

Sch 1.61

	2024 £000	2023 £000
Within one year	11,017	10,017
Between one to two years	22,976	21,753
Between two to five years	12,465	24,268
More than five years	-	-
	46,458	**56,038**

22. Financial instruments(continued)

Guidance

- SI 2008/410 Sch 1.61 requires the entity to disclose:
  - the amount of any instalments which fall due for payment after the end of that period related to debts that are payable or repayable by instalments
  - the amount of any debts which are payable or repayable otherwise than by instalments and fall due for payment or repayment after the end of the period of five years beginning with the day next following the end of the financial year.

  The maturity analysis intends to satisfy this requirement by illustrating per time band the remaining contractual cash flows
- Interest rate benchmarks such as the London Interbank Offered Rate (LIBOR) are being reformed. As a result of these reforms, entities have been amending contractual terms referenced to LIBOR and other interest rate benchmarks and switch to new alternative benchmark rates. Amendments have been made to FRS 102 to provide guidance on accounting for these changes (FRS 102.B11.49A-49B). This is not applicable to this fictional entity as its bank loans have fixed interest rates.

23. Financial risk management

11.42
Sch 7.6

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 22. The Group has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the Group is exposed to interest rate risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options.

The Group enters into derivatives, principally for hedging foreign exchange risk; however, hedge accounting is not applied.

The most significant financial risks to which the Group is exposed are described below.

Foreign exchange transactional currency exposure

The Group is exposed to currency exchange rate risk due to a significant proportion of its trade receivables, and trade payables for purchases of inventories, being denominated in non-sterling currencies.

The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts or overdrafts. The forward foreign exchange contracts all mature within 12 to 18 months.

23. Financial risk management(continued)

Liquidity risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Group has credit facilities available.

Given the maturity of the bank loan in note 22.1, the Group is in position to meet its commitments and obligations as they come due.

Customer credit exposure

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

Interest rate risk

The Group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rates (see bank loans in note 22.1).

Guidance

Where material for the assessment of the assets, liabilities, financial position and profit or loss of the entity, the Directors' report must contain an indication of the financial risk management objectives and policies of the entity along with the exposure to price risk, credit risk, liquidity risk and cash flow risk in line with the requirements [SI 2008/410 Schedule 7.6]. FRS 102.11.48A(f) requires similar disclosures to be given in the notes to the financial statements but only for financial instruments measured at fair value through profit or loss.

FRS 102.11.42 also requires an entity to disclose information that enables users of the financial statements to evaluate the significance of financial instruments for its financial position and performance, and notes that additional disclosures may be required when the risks arising from these instruments are particularly significant. These illustrative financial statements avoid duplication by providing all the required information in the single note above, with incorporation into the Directors' report by cross-reference.

24. Pension commitments

The Group operates a defined benefit pension scheme.

28.41(a)

Kitchen Safari Ltd, a subsidiary undertaking in the United Kingdom provides pension arrangements to employees through a defined benefit scheme, the KS 1 Pension Scheme. The scheme is administered by an independent trustee. The Group funds the scheme by paying in contributions that are calculated at a level intended to balance the pensions liability with investment assets. The contribution rates are set at the time of the full formal actuarial valuation. This valuation was last performed as at 31 December 2023 with an update carried out at 31 December 2024 for FRS 102 reporting purposes by a qualified actuary. The assumptions used at 31 December 2024 are outlined further in the note. The current contribution rate is 10% of

28.41(d)

24. Pension commitments (continued)

employee's salaries and the current funding strategy aims to recover the deficit over the next 20 years. Funding levels are monitored on an annual basis.

Reconciliation of present value of plan liabilities:

28.41(e)(i)
28.41(f)

	2024 £000
Reconciliation of the defined benefit obligation:	
Defined benefit obligation at start of period	150,132
Current service cost	3,466
Interest expense	3,600
Actuarial gains	(20,026)
Benefits paid	(4,831)
Defined benefit obligation at the end of the period	**132,341**

28.41(e)(ii)
28.41(f)

	2024 £000
Reconciliation of the fair value of plan assets:	
Fair value of plan assets at start of period	95,178
Interest income	2,257
Return on plan assets, less amount recognised as interest	(8,013)
Contributions by the Group	1,650
Benefits paid	(4,831)
Fair value of plan assets at end of period	**86,241**

Guidance

The above reconciliations do not require comparatives as per FRS 102.28.41.

24. Pension commitments (continued)

	2024 £000	2023 £000
Fair value of plan assets	86,241	95,178
Defined benefit obligation	(132,341)	(150,132)
Net defined benefit pension scheme liability	**(46,100)**	**(54,954)**

28.41(g)(i)

The amounts recognised in profit or loss are as follows:

	2024 £000	2023 £000
Current service cost	3,466	3,752
Net interest expense	1,343	1,290
Defined benefit costs recognised in profit or loss	**4,809**	**5,042**

The amounts recognised in other comprehensive income are as follows:

	2024 £000	2023 £000
Return on plan assets (less amount recognised as interest) – loss/(gain)	8,013	(4,877)
Experience gains and losses on the plan liabilities – (gain)/loss	(2,871)	155
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – (gain)/loss	(17,155)	7,718
Total amount recognised in other comprehensive income – (gain)/loss	**(12,013)**	**2,996**

28.41(j)

The actual return on plan assets over the period ending 31 December 2024 was a loss of £5,756k (2023: gain of £7,193k).

28.41(h)

Assets

	2024 %	2023 %
Equities	18	19
Corporate Bonds	4	4
Government Bonds	7	8
Diversified Growth Funds	58	59
Property	10	8
Cash	3	2
Total assets	**100%**	**100%**

28.41(i)

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by the Group.

Guidance

The plan assets can be disclosed by either percentage or amount as per FRS 102.28.41(h).

24. Pension commitments (continued)

28.41(k)(i-v)

Principal actuarial assumptions at the Statement of Financial Position date:

	2024 %	2023 %
Discount rate	2.3	2.4
Future salary increases	2.3	2.9
Future pension increases	1.9	2.5
Inflation assumption	2.3	2.5
Mortality assumptions		
Longevity at 65 for current pensioners		
• men	21.2	22.1
• women	23.6	24.4
Longevity at 65 for future pensioners		
• men	22.1	24.1
• women	25.0	26.4

25. Provisions

21.14(a)
29.23
Sch 1.59-60

	Dilapidations £000	Onerous leases £000	Warranty and returns provision £000	Deferred tax £000	Total £000
At 1 January 2024	**439**	**1,055**	**918**	**3,467**	**5,879**
Additions - recognised in profit or loss	313	-	209	(925)	(403)
Additions - recognised in OCI	-	-	-	598	598
Business combination	-	-	-	562	562
Utilised	-	(696)	(142)	-	(838)
Exchange differences	(15)	(7)	(19)	-	(41)
At 31 December 2024	**737**	**352**	**966**	**3,702**	**5,757**

Dilapidations

21.14(b) & (c)

The dilapidation provision relates to estimated costs of rectification that the Group is liable for under the terms of the leases of its rented retail stores. The provision includes both costs of removing leasehold improvements and costs of rectifying wear and tear. The element relating to the costs of removing leasehold improvements is recognised when the leasehold improvements are installed at the beginning of the lease and the element relating to rectification due to wear and tear is recognised as incurred. The amount recognised is the best estimate of the cost to return these properties back to their original condition.

Costs relating to the removal of leasehold improvements are included in the cost of the asset whilst costs relating to wear and tear are included in profit or loss.

Dilapidations provisions are expected to be utilised over the next ten years.

25. Provisions (continued)

Onerous leases

21.14(b) & (c)

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision for onerous leases is recognised for the present value of the obligations under the lease. The onerous leases provision relates to rented retail stores that have been vacated and represents the best estimate of the expenditure to settle the obligation.

Onerous lease provisions are expected to be utilised over the next two years.

Warranties and returns

21.14(b) & (c)

A provision for warranties of £825k (2023: £768k) is recognised as a consequence of the Group's policy to cover the cost of repair and/or replacement of defective products. Electrical goods sold are covered by an original warranty for a predetermined period of time which is typically one to three years after the sale. The provision is recognised at the date of sale of the product covered and is calculated based on historical data for similar products. The provision is expected to be utilised over the next three years.

The remaining balance in this class of provision relates to sales returns and is immaterial.

Deferred tax

Refer to note 17 for detail.

The Company has no provisions (2023: £Nil).

Guidance

No comparatives are required (FRS 102.21.14).

26. Called up share capital

4.12(a)

	Group and Company	
Ordinary Shares of 10 pence each – allotted and fully paid	**£000**	**Number**
At 1 January 2024	**3,900**	**39,000,000**
Shares issued	115	1,146,000
At 31 December 2024	**4,015**	**40,146,000**

Sch 1.48 (Shares issued)

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

Sch 1.48

Consideration received from employees for the allotment of ordinary shares during the year was £115k equal to the nominal value of the shares. These shares were issued to employees on the exercise of share options.

27. Share-based payments

26.18(a)

On 3 October 2015, an equity settled Performance Share Plan was introduced for the executive directors and other senior managers in the Group. Awards are made annually under the plan. In accordance with the scheme rules, options are exercisable at the nominal value of the shares subject to all vesting conditions being met. The vesting conditions are continued employment and achieving target levels of EBITDA over a three-year period. Vested options expire three years after the vesting date. There were no changes to the terms of the plan during the year.

26.23(a)

The share-based payment charge has been disclosed in note 5.

26.18(b)

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price (pence) 2024	Number 2024 (000)	Weighted average exercise price (pence) 2023	Number 2023 (000)
Outstanding at the beginning of the year	**10**	**5,077**	**10**	**3,709**
Granted during the year	10	1,430	10	1,974
Exercised during the year	10	(1,146)	-	-
Expired during the year	10	(428)	10	(606)
Outstanding at the end of the year	**10**	**4,933**	**10**	**5,077**
Exercisable at the end of the year	**10**	**358**	**10**	**78**

28. Business combinations

Acquisition of Smith Kitchens Ltd

19.25(a-c)
Sch 6.13(2)(a) & (b)

On 6 July 2024, the Group acquired the entirety of the equity instruments of Smith Kitchens Ltd which is a kitchen manufacturer and installation business domiciled in the UK. The acquisition was accounted for using the purchase method.

19.25(e)
Sch 6.13(4)

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed assets			
Machinery	3,800	700	4,500
Intangible (software)	630	95	725
Intangible (trademarks)	-	1,520	1,520
	4,430	**2,315**	**6,745**
Current assets			
Inventory	420	(15)	405
Trade receivables	1,550	(50)	1,500
Cash at bank and in hand	1,250	-	1,250
Total assets	**7,650**	**2,250**	**9,900**
Creditors			
Trade payables	(1,780)	-	(1,780)
Accruals	(830)	-	(830)
Deferred taxes	-	(563)	(563)
Total identifiable net assets	**5,040**	**1,687**	**6,727**
Goodwill	-	-	923
Total purchase consideration	**-**	**-**	**7,650**

Sch 6.13(4)

The significant adjustments made on acquisition correspond to the adjustment of the machinery to its fair value and the recognition of trademarks and deferred taxes.

Consideration

19.25(d)
Sch 6.13(3)

7.18

	£000
Consideration paid (cash)	6,565
Contingent consideration (non-cash transaction in year)	800
Costs of business combination	285
Total purchase consideration	**7,650**

19.25(fA) & (g)

The goodwill arising on acquisition is attributable to know how and customer relationships. The useful life is estimated to be ten years.

The trademarks and software were separated from the goodwill as these assets are separable, future economic benefits are probable and their value can be measured reliably.

28. Business combinations (continued)

Contingent consideration

19.25(d)

The purchase agreement included an additional consideration of up to £1,410k payable only if the average profits of Smith Kitchens for 2024 and 2025 exceed a target level agreed by both parties. The additional consideration will be paid on the anniversary of the acquisition. The recognised contingent consideration liability of £800k (in the consolidated and separate accounts) represents the Group's best estimate of the amount that will be paid. Future changes in the estimate will be accounted for in accordance with the accounting policy in note 2.26.

The results of Smith Kitchens Ltd since acquisition are as follows:

19.25A

	Current period since acquisition £000
Turnover	28,720
Profit for the period since acquisition	3,734

Guidance

- Per FRS 102.19.24(b) if in a business combination the net fair value is more than the cost of the business combination, the excess (ie, negative goodwill) is recognised separately in the consolidated statement of financial position immediately below goodwill
- FRS 102.18.8 requires intangible assets acquired in a business combination to be recognised separately from goodwill if all the following conditions are met: (a) the recognition criteria per FRS 102.18.4, (b) the intangible assets arise from contractual or other legal rights and (c) the intangible asset is separable. FRS 102.B18.10 states that normally intangible assets like licences, copyrights, trademarks, internet domain names, patented technology, and legally protected trade secrets would satisfy all three criteria, whilst items such as customer lists, customer relationships and unprotected trade secrets (eg, secret recipes or formulas) would not as no contractual or legal right exist that would give rise to expected future economic benefit. FRS 102 also allows, as a matter of accounting policy choice, an acquirer to recognise intangibles meeting criteria (a) and either (b) or (c) – ie, a wider range of intangibles more in line with IFRS
- In these illustrative financial statements, only intangibles meeting all three criteria (trademarks and software in this illustration) have been recognised
- The requirements of SI 2008/410 Schedule 6.13(3) & (4) are applicable when the acquisition significantly affects the figures shown in the group accounts. These requirements are not significantly different from the disclosure requirements of the Section 19 of FRS 102
- Section 19 of FRS 102 set out the criteria for recognition of contingent consideration in a business combination but not its measurement. Contingent consideration is also scoped out from Section 12 - Other Financial Instrument Issues and Section 21 – Provisions and Contingencies. (FRS 102.12.3(g), 21.1). Therefore, for these illustrative financial statements an accounting policy has been developed and applied (as described in note 2.26) in line with FRS 102.10.4 & 5 requirements. Per the accounting policy, contingent consideration that is recognised in accordance with Section 19 is then measured using amortised cost principles; therefore, the discount rate will not be updated. Changes in estimated cash flows are recorded as an adjustment to the cost of the business combination (ie, goodwill) except for the unwinding of any discounting which is recognised in profit or loss in the period it arises (FRS 102.11.20).

29. Contingent liabilities

21.15
Sch 1.63

Group

The Group has received a claim from a former supplier concerning the termination of a contract. The Group believes that it was entitled to terminate the contract without compensation. Management, having taken legal advice, have assessed that the likelihood that the former supplier's claim would succeed in court is less than probable but (acknowledging the inherent uncertainty in any legal dispute) is more than remote. Should the claimant be successful, the estimated liability would be in the region of £1,000k - £1,500k, including estimated future legal fees.

21.17A
Sch 1.63

Group and Company

The Company and Group have guaranteed bank loans of an associate, Smart Appliance Ltd, amounting to £750k (2023: £250k). The guarantee is secured by a charge on the Company's freehold property.

21.17A
Sch 1.63

Company

Some of the Company's subsidiaries, as disclosed in note 14.1, have taken advantage of the exemption from audit available under Section 479A of the Companies Act 2006. For these subsidiaries, the Company has guaranteed all outstanding liabilities as at the year end, until they are settled in full. The liabilities of the subsidiaries at year-end were £6,283k (2023: £7,923k).

30. Related party transactions

Group

Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

33.12(j)

The defined benefit pension scheme is a related party. The Group's only transactions with the defined benefit plan are the contributions paid to the plan as detailed in note 24.

33.7

Key management personnel include the Directors and senior management team. Total key management personnel compensation was £4,040k (2023: £3,842k).

Group and Company

33.12(h)

The Group has guaranteed bank loans of an associate. Refer to note 29 for detail.

30. Related party transactions(continued)

Company

33.12(h)

The Company has guaranteed outstanding liabilities of certain subsidiaries. Refer to notes 14 and 29 for detail.

11.42

The Company has intercompany balances relating to transactions with Brighton Ltd as set out in note 22. The debtors relate to loans repayable on demand, unsecured and free of interest. The creditors balance relates to recharges for Parent Company administration that has been undertaken by the subsidiary. It is payable on demand and interest free. The transactions during the period were:

	2024 £000	2023 £000
Additional loans made to subsidiary undertaking	130	-
Recharges incurred in the year	862	905
Payment of recharges in the year	(1,723)	-

31. Prior period adjustment

10.23(a)

When the transition to an external payroll service provider occurred in mid-2023, incorrect cost centre codes were assigned to some personnel. This resulted in some employees being reported as part of administration rather than warehousing and distribution. Therefore, the number of employees reported (and the associated staff costs) were amended as follows:

S411

The average monthly number of employees, including the executive directors (see note 6), during 2023 was adjusted as follows:

10.23(b)

	As reported 2023 No.	Adjustment	Restated 2023 No.
Manufacturing	768		768
Warehousing and distribution	59	92	151
Sales	2,659		2,659
Administration	455	(92)	363
	3,941		**3,941**

10.23(b)

The amount of the correction for each line item of the consolidated statement of comprehensive income affected was:

	As reported 2023 £000	Adjustment £000	Restated 2023 £000
Gross profit	**227,826**		**227,826**
Distribution costs	(116,532)	(4,736)	(121,268)
Administrative expenses	(50,884)	4,736	(46,148)
Other operating income	660		660
Operating (loss)/profit	**61,070**		**61,070**

No other lines of the primary financial statements were affected and the total staff costs (disclosed in note 5) remained the same.

32. Post balance sheet events

32.10

In March 2025, the Group entered into a ten-year lease of a warehouse in Cincinnati (USA) and paid an upfront premium of £1,800k. This was funded out of existing company cash balances.

On 28 February 2025 the Group acquired Nordiska Reform A/S for a purchase price of £4,500k (excluding directly attributable costs of £320k). Nordiska Reform is a kitchen designer and manufacturer specialised in budget-friendly design solutions for the fast-food industry in the Nordics. The purchase price was paid in cash, shares of the Parent Company and includes a contingent consideration of £1,600k payable on the second anniversary of the acquisition.

33. Controlling party

33.5

No individual shareholder holds a majority of voting rights. Therefore, there is no parent entity or ultimate controlling party by virtue of shareholdings.

Appendix A
Amendments to FRS 102

Period Review 2024

On 27 March 2024, the FRC released "The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs – Periodic Review 2024". These amendments are designed to enhance the quality of financial reporting and bring closer alignment with IFRS.

Most of the amendments are effective for accounting periods beginning on or after 1 January 2026, although new disclosures requirements for supplier finance arrangements apply for accounting periods starting on or after 1 January 2025, with early application allowed.

The most important changes are a new revenue recognition model in Section 23 "Revenue from Contracts with Customers" (based on IFRS 15), and a new lease accounting model in Section 2 "Leases" (based on IFRS 16). Section 2 "Concepts and Pervasive Principles" is more aligned with the IFRS Conceptual Framework and includes a new Section 2A "Fair Value Measurement" (now more closely aligned with IFRS 13). Various improvements, clarifications and consequential changes are also made to several other Sections.

This publication includes a brief summary of the new requirements in Section 23, Section 20 and Section 2A.

Full details of the amendments can be found on the FRC Website.

Section 23 Revenue from Contracts with Customers

The amendments apply a five-step revenue recognition framework in line with IFRS 15. There are some limited simplifications in areas such as: costs to obtain a contract (entities have an accounting policy choice in respect of the capitalisation of such costs), treatment of licence revenues, principal vs agent considerations, application of the 5-step model to a group of similar contracts and allocation of discounts. The disclosure requirements are also slightly reduced compared to IFRS 15 although significantly more than the current requirements of FRS 102.

On transition, entities can choose between a full or modified retrospective approach. Under the modified approach, comparative information need not be restated, and the section applies only to contracts not completed by the application date. Various 'practical expedients' are available to simplify the transition. The cumulative effect is recorded as an adjustment to the opening balance of retained earnings (or other equity component) at the application date. If the full retrospective approach is chosen, comparatives must be restated, with available simplifications and optional expedients.

The 5-step model comprises:

Step 1 Identify the contract(s) with a customer

- Apply the revenue recognition model if the contract is approved, both parties are committed, rights and payment terms are clear, it has commercial substance, and payment is likely.
- Combine contracts with the same customer if (a) they are negotiated as a package with a single objective; (b) consideration in one depends on the other's price or performance; or (c) form a single performance obligation.
- Contract modifications are treated as separate if they add distinct goods/services and increase the price by their stand-alone selling price; otherwise, they are integrated into the existing contract with adjusted revenue recognition or as if it were a termination of the existing contract and the creation of a new contract.

Step 2 Identify the performance obligations in the contract

- At contract inception, identify performance obligations, which are promises to transfer distinct goods or services. A good or service is considered distinct if the customer can benefit from it on its own or with other resources, and if the promise to deliver it is separate from other promises in the contract.
- Warranties are generally accounted for under Section 21, unless they include additional services, in which case they are treated as separate performance obligations under Section 23. To determine if a warranty constitutes an additional service, consider whether it can be purchased separately.
- Non-refundable upfront fees are recognised as revenue only when the related future goods or services are provided. Determine if these goods or services should be treated as separate performance obligations.
- Options for additional goods or services that offer future free or discounted items may constitute a material right. A material right is a promise that provides the customer with benefits they would not receive otherwise. It is treated as a separate performance obligation, with revenue recognised when the related goods or services are provided, or the option expires.
- Determine if acting as a principal or agent by evaluating its promise to provide goods or services and whether it controls the specified good or service before transfer to the customer. Indicators of being a principal include having primary responsibility for fulfilling the promise, bearing inventory risk, and having pricing discretion. These indicators should not replace the control assessment and should not be considered in isolation.

Step 3 Determine the transaction price

- When determining the transaction price, consider contract terms and business practices to identify the consideration expected in exchange for goods or services, excluding third-party amounts. If the consideration includes variable amounts, estimates are made using methods like expected value or most likely amount. Variable consideration is included in the transaction price only if it is highly probable to be received. Adjustments for time value of money are made for deferred or advanced payments.
- Refund liabilities are recognised for expected refunds, and updates are made at each reporting period. For contracts with a right of return, revenue is recognised only for products expected not to be returned, with liabilities for expected returns and assets for expected returned products.
- Non-cash consideration from a customer is measured at fair value if reliably measurably, or if not indirectly based on the stand-alone selling price of the good/services promised to the customer.
- Consideration payable to customers is accounted for as a reduction of revenue unless it is for a distinct good or service the customer provides.
- For sales or usage-based royalties related to a licence of intellectual property, revenue is recognised when the sale or usage occurs and the performance obligation to which the royalty pertains is satisfied (or partially satisfied).

Step 4 Allocate the transaction price to the performance obligations in the contract

- The transaction price is allocated to performance obligations based on their stand-alone selling prices, determined through observable data or estimation methods such as market assessment, cost-plus-margin, and residual approach.
- For options, discounts, or variable consideration, factors like customer discounts and option exercise likelihood are considered. Discounts and variable consideration are allocated based on stand-alone prices unless another method is more accurate.
- Changes in the transaction price are allocated to performance obligations based on the same basis as contract inception. Changes due to contract modifications are handled separately, with adjustments made to performance obligations based on the nature of the modification.

Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

- Revenue is recognised when an entity satisfies performance obligations by transferring control of goods or services to the customer, either over time or at a point in time.
- Performance obligations are considered satisfied over time in three cases: a) benefits are received and consumed simultaneously, b) an asset is created or enhanced that the customer controls as it is developed, or c) the entity's performance does not create an asset with alternative use and the entity has an enforceable right to payment throughout.
- To determine if a licence transfers over time or at a point in time, the entity must assess whether it grants the customer a right to access the IP or a right to use the IP. A licence providing the right to access IP transfers over time, requiring the entity to select a method to measure progress in fulfilling the obligation. A licence granting the right to use IP transfers at the point in time when the licence is granted, with the entity applying control indicators to determine the exact transfer moment.

The amendments also include guidance on contract costs and contract balances.

Section 20 Leases

The amendments to FRS 102 Section 20 result in an on-balance sheet lease accounting model which is based on IFRS 16 'Leases', with certain practical exemptions. For lessees most leases will be recognised on the balance sheet, with no distinction between operating and finance leases. Exemptions are available for short-term leases and leases of low-value assets. Lessor accounting has remains largely unchanged.

A modified retrospective approach applies on transition. The cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings (or other component of equity) at the date of initial application. Restatement of comparatives is not required. For previous finance leases, lessees recognise the ROU asset and liability based on previous carrying amounts.

For either previous operating or finance leases, the option to use balances previously calculated for group reporting purposes under IFRS 16 can be chosen.

A number of simplifications or practical expedients are available under the transition guidance. For lessors, generally, no adjustments are required on transition.

Identifying a lease

- A contract is, or contains, a lease if it specifies an asset (with no substitution rights for the supplier), grants the customer the right to its economic benefits, and allows the customer to direct its use. If a contract includes multiple components, each lease component must be separately accounted for unless the practical expedient is used. Lessees allocate the contract's consideration to each lease component based on relative stand-alone prices, estimated if not observable.

Lease term

- The lease term starts on the commencement date, including any rent-free periods, and consists of the non-cancellable period, periods covered by an extension option if the lessee is likely to extend, and periods with a termination option if the lessee is unlikely to terminate. If only the lessor can terminate, the non-cancellable period includes the lessor's termination option. The lease term should be reassessed if significant events or changes affect the likelihood of the lessee exercising any options.

Lessee accounting

- At commencement date, the lessee recognises both a right-of-use asset (ROU asset) and a lease liability.
- The ROU asset is initially measured at cost, which includes the lease liability, any pre-commencement payments (minus incentives), initial direct costs, and dismantling or restoration costs. The lease liability is the present value of lease payments, discounted using the implicit interest rate or, if not determinable, the lessee's incremental or obtainable borrowing rate. Lease payments comprise fixed payments (less incentives), variable payments based on an index, expected residual value guarantees, purchase option prices if likely to be exercised, and penalties for lease termination if applicable.
- Subsequently the ROU asset is measured at cost less accumulated depreciation and impairment losses and adjusted for lease liability remeasurements. The lease liability is adjusted for interest, lease payments made, and remeasurements from reassessments, lease modifications, or changes in fixed lease payments.
- Reassessment: Remeasure the lease liability for changes in lease term, purchase options, expected residual value guarantees, and adjustments in future lease payments due to changes in an index or rate.
- Modifications: Treat a modification as a separate lease if it increases both scope and consideration. For other modifications, reallocate consideration, determine the new lease term, and remeasure the lease liability using a revised discount rate, with possible exceptions allowing for unchanged rates.
- ROU assets and lease liabilities can be presented separately or disclosed in notes, specifying which line items include them. Investment property ROU assets are presented as investment property.

Lessor accounting

- A lessor classifies leases as either finance or operating leases. For finance leases, the lessor records the asset as a receivable, representing the net investment in the lease. For operating leases, the lessor recognises income on a straight-line basis unless: (a) another method better reflects the asset's diminishing benefit, or (b) payments increase with expected inflation to cover cost rises. Costs incurred, including depreciation, are recognised as expenses.
- For the initial measurement of finance leases, the lessor uses the interest rate implicit in the lease to determine the net investment, adjusting for subleases with the head lease's discount rate if needed, and includes initial direct costs, reducing income over the lease term. For operating leases, the lessor adds initial direct costs to the asset's carrying amount and spreads these costs as expenses over the lease term, aligning with income recognition.
- For the subsequent measurement of finance leases, the lessor recognises finance income evenly over the lease term, reflecting a constant return on the net investment. Lease payments reduce both principal and unearned finance income systematically. The lessor also follows derecognition and impairment rules, adjusting income if residual values decrease. For operating leases, the lessor depreciates assets using its standard policy and guidelines from Section 17 or Section 18. Additionally, the lessor assesses impairments under Section 27 and recognises any impairment losses.
- If a finance lease modification adds the right to use additional assets and proportionately increases the consideration, the lessor accounts for it as a separate lease. If not a separate lease, and the lease would have been an operating lease with the modification, it is accounted for as a new lease from the modification's effective date. Otherwise, the lessor applies relevant accounting policies chosen for derecognition and impairment.
- A lessor treats a modification to an operating lease as initiating a new lease from the modification's effective date. This includes incorporating any prepaid or accrued lease payments from the original lease into the payments for the new lease arrangement.
- A lessor must classify underlying assets subject to operating leases on its statement of financial position based on the nature of each specific asset.

The amendments also include guidance on sale and leaseback transactions and manufacturer or dealer lessors.

Disclosures are significantly amended, with several disclosures required for lessees.

Section 2A Fair Value Measurement

The revised Section 2A and related definition of fair value in FRS 102's glossary bring closer alignment with IFRS 13. Section 2A applies when other FRS sections require or permit fair value measurement, except for share-based payments (Section 26) and leases (Section 20). Valuation techniques and inputs used for FRS 102 will need to be reviewed and, in some cases, revised.

Measurement

The overall goal of fair value measurement is revised as: determining the price at which an orderly transaction would occur between market participants on the measurement date. Entities must consider characteristics such as asset condition, location, and any sale or use restrictions that market participants would factor in to pricing decisions.

Fair value of a liability reflects its "transfer" to another party rather than its "settlement". This is a conceptual change that can have important practical consequences, including on valuation of derivative liabilities.

Fair value measurements should be based on prices in the principal market or, if unavailable, the most advantageous market. While entities are not required to search exhaustively across all potential markets, they should consider all reasonably available information. In the absence of specific evidence to the contrary, the market where the entity typically conducts transactions is presumed to be the applicable market. Transaction costs are excluded from fair value, but transport costs should be considered if applicable.

Application to non-financial assets

New guidance is provided on fair value of non-financial assets, including on considering the asset's highest and best use. Typically, an asset's current use is considered its highest and best unless there is evidence to suggest otherwise. An alternative use is considered only if physically possible, legally permissible, and financially feasible.

Application to liabilities

Fair value of a liability should consider non-performance risk (including 'own credit risk') which should remain the same before and after the transfer. Fair value of financial liabilities due on demand cannot however be less than the amount payable on demand, discounted from the earliest possible payment date. Previously, FRS 102 lacked guidance on own credit risk and this could be a significant change for some entities, including (but not only) those with derivative liabilities.

Valuation techniques

The new guidelines outline the principles and methodologies for selecting valuation techniques and inputs. Where available a quoted price from an active market is always the best evidence of fair value. Where not available pricing evidence from orderly transactions and/or alternative techniques are used. Techniques should be applied consistently, though changes are allowed if they improve fair value representation. Change in the valuation technique used or in its application should be treated as a change in accounting estimate.

The guidance permits using bid or ask prices within a spread, marking a shift from the previous requirement of using bid prices for quoted assets and offer prices for liabilities.

Reliable measure of fair value

New guidance is included on how to evaluate whether a reliable measure of fair value can be made.

Measurements based on fair value

Certain sections of FRS 102 require or allow measurements based on fair value, such as fair value less costs to sell. The guidance directs that adjustments made to arrive at such measurements should not duplicate factors already considered in determining fair value. For instance, costs included in the fair value measurement (like transportation costs to the market) should not be double counted when estimating fair value less costs to sell.

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