

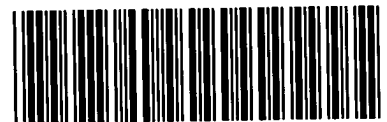
# Morphy Richards Limited

Directors' report and financial statements

Year ended 30 September 2022

**Registered number: 00644702**

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## Directors' report and financial statements

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# Morphy Richards Limited

UK 00644702

## Directors and other information

### Directors

M. Naughton  
F. Naughton  
Y. Burke  
N. Stewart  
F. Leamy

### Secretary

F. Naughton

### Registered office

C/O Glen Dimplex Home Appliances Stoney Lane  
Whiston  
Prescot  
United Kingdom  
L35 2XW

### Auditor

KPMG  
Chartered Accountants  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

### Bankers

National Westminster Bank plc  
City of London Office  
1 Princes Street  
London  
EC2R 8PA

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

BNP Paribas S.A., Paris Sucursala  
Bucuresti,  
Soseaua Pipera  
46D-46E-48, C Building, Floor 6  
District 6, Bucharest  
Romania

### Solicitor

Gordons  
Riverside West  
Whitehall Road  
Leeds  
LS1 4AW

## Strategic report

### **Principal activities and business review, including principal risks, uncertainties and future developments**

The principal activity of the Company is the distribution of domestic electrical products.

The Company is exposed to a range of risks, the principal risks are as follows:

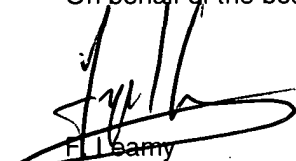
- Product demand – increasingly consumers are more demanding in relation to product functionality and appearance, consequently product lives are becoming shorter;
- Exchange fluctuations – the Company has significant euro and US dollar currency exposure, which are not naturally hedged and is thus exposed to fluctuations in exchange rates; and
- General economic risk - the Company is exposed to general economic risk, including changes in the economic outlook in its principal markets and government changes in industrial, fiscal, monetary or regulatory policies. In particular, the risks posed by the global energy crisis.

The Company has a long and successful track record of managing these risks. The principal key performance indicators used by management to monitor performance are as follows:


- Gross margin and operating profit measures;
- Changes in sales volumes and sales prices;
- Various working capital measures including cash conversion; and
- Various measures in relation to capital expenditure.

The directors will continue to develop the principal activities of the Company and to identify areas with further growth potential, which would increase shareholder value.

On behalf of the board



H. J. Leamy  
Director



Y. Burke  
Director

2023

## Directors' report

The directors present their directors report together with the audited financial statements of the Company for the year ended 30 September 2022.

### Results and state of affairs

The profit before interest and non-trading items amounted to £5,645,000 (2021: £5,430,000). Shareholders' funds amounted to £91,729,000 at 30 September 2022 (2021: £52,373,000).

### Dividends and retention

No dividends or transfers to reserves are recommended by the directors in respect of the current year (2021: £Nil).

### Directors, secretary and their interests

The directors and secretary who held office during the year, unless otherwise stated, were as follows:

M. Naughton  
F. Naughton (director and secretary)  
D. Flynn (resigned 1 October 2021)  
R. Van Rozen (appointed 15 April 2022; resigned 15 June 2022)  
Y. Burke (appointed 1 October 2021)  
S. Barriskell (resigned 31 March 2022)  
N. Stewart (appointed 15 June 2022)  
F. Leamy

The directors and secretary do not have any interests which are required to be disclosed under the Companies Act 2006.

### Post balance sheet events

On 7 June 2022 Morphy Richards Limited signed a non-binding memorandum of understanding regarding the sale of the Morphy Richards business and shares in Morphy Richards Consumer Appliances Limited to Guangdong Xinbao Electric Co., Ltd. This transaction completed on 10 March 2023 for a consideration of €156 million.

### Research and development

The Company is engaged in ongoing research and development work in order to improve its product range and increase its market share. During the year, the Company incurred research expenditure of £649,000 (2021: £1,149,000).

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## Directors' report *(continued)*

### Financial instruments

Due to the nature of its business, the Company is exposed to the effects of fluctuations in foreign currency exchange rates and interest rates. In order to manage these exposures, the Company has entered into various hedging arrangements with commercial banks. These arrangements comprise the use of forward currency purchase and sales contracts. Further details are set out in the notes to these financial statements.

### Political and charitable donations

During the year, donations of £Nil (2021: £2.1 million) were made to The Naughton Foundation. There were no political donations made during the year (2021: £Nil).

### Streamlined Energy and Carbon Reporting

Morphy Richards Limited have achieved Planet Mark certification for the reporting year 30 September 2022. Planet Mark is a sustainability certification which recognises continuous improvements, encourages action, and builds an empowered community of like-minded individuals.<sup>1</sup> The Company's data on Streamlined Energy and Carbon Reporting (SECR) has been included at a group level, and disclosed within the directors' report in the consolidated financial statements of Glen Electric Limited.

### Section 172 Statement

Morphy Richards Limited complies with Section 172(1) of the Companies Act 2006 through engagement with its various stakeholders. The Company's strategy, and the implementation of this strategy, has been informed by interaction with stakeholders. It is the Company's intention to act responsibly towards its stakeholders. The Company's principal stakeholders and how it engages with each of them are as follows:

#### **Customers**

Morphy Richards Limited strives to make a positive contribution to the economy by supporting its customers and seeks to behave responsibly, treating them fairly and equally. The Board consistently reviews its customer strategy, receives updates on implementation and reviews progress. A Customer Engagement plan has been initiated at Glen Dimplex Group in order to support strategic engagement with customers and to build long-term relationships and deliver mutual growth.

#### **People**

The Company's people are fundamental to the delivery of its strategy. The Company aims to be a responsible employer and is committed to enabling its people to thrive, ensuring that they are engaged and have the skills and capabilities to serve customers.

#### **Suppliers**

Morphy Richards Limited assesses its suppliers across a number of key risk areas, at the on-boarding stage for all suppliers and annually thereafter for suppliers providing product and services of high criticality and dependency to the Company.

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<sup>1</sup> Planet Mark offers a sustainability certification scheme, based on continual improvement, which measures business' carbon emissions, energy and water consumption, travel and waste. Its rules, procedures and management processes are aligned to ISO 17065 to ensure quality and consistency with international standards. See [www.planetmark.com](http://www.planetmark.com).

Directors' report (*continued*)

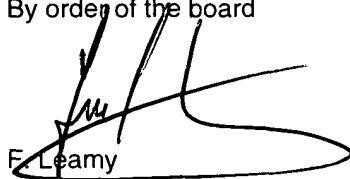
**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG will therefore continue in office.

By order of the board

  
F. Leamy  
Director

  
Y. Burke  
Director

2023

Whiston  
Prescot  
United Kingdom  
L35 2XW

## Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the directors' report, strategic 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 they have elected to prepare the financial statements in accordance with 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 of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the *going concern* basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board



F. Leamy  
Director



J. Burke  
Director

2023





**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## Independent auditor's report to the members of Morphy Richards Limited

### Report on the audit of the financial statements

#### **Opinion**

We have audited the financial statements of Morphy Richards Limited ("the Company") for the year ended 30 September 2022 set out on pages 11 to 31, which comprise the statement of profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the 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 Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **Independent auditor's report to the members of Morphy Richards Limited** *(continued)*

### **Report on the audit of the financial statements** *(continued)*

#### **Conclusions relating to going concern** *(continued)*

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

#### **Detecting irregularities including fraud**

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.



**Independent auditor's report to the members of Morphy Richards Limited**  
*(continued)*

**Report on the audit of the financial statements** *(continued)*

**Detecting irregularities including fraud** *(continued)*

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**Other information**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

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

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.



## Independent auditor's report to the members of Morphy Richards Limited (continued)

### **Respective responsibilities and restrictions on use**

#### ***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### ***The purpose of our audit work and to whom we owe our responsibilities***

Our 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.

Laura Larkin (**Senior Statutory Auditor**)  
**for and on behalf of KPMG, Statutory Auditor**  
*Chartered Accountants*  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

22 June 2023

Statement of profit and loss account and other comprehensive income  
for the year ended 30 September 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	2	42,080	58,238
Cost of sales		(22,780)	(36,291)
		<hr/>	<hr/>
<b>Gross profit</b>		19,300	21,947
Operating expenses, net	3	(13,655)	(16,517)
		<hr/>	<hr/>
<b>Profit on ordinary activities before interest and non-trading items</b>		5,645	5,430
Non-trading items	4	32,381	(3,237)
Interest and other finance income, net	5	2,406	458
Profit on disposal of fixed assets		11	2,051
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	6	40,443	4,702
Tax on profit on ordinary activities	8	(1,087)	(611)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		39,356	4,091
<b>Other comprehensive income</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		39,356	4,091
		<hr/>	<hr/>

The accompanying notes form an integral part of the financial statements.

# Morphy Richards Limited

UK 00644702

## Balance sheet as at 30 September 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible assets	9	1,858	2,067
Financial assets	10	32,381	-
		<hr/>	<hr/>
		34,239	2,067
<b>Current assets</b>			
Inventories	11	12,482	16,059
Debtors	12	62,057	74,078
Derivative financial instruments	14	3,117	834
Cash at bank and in hand	15	148	145
		<hr/>	<hr/>
		77,804	91,116
<b>Creditors:</b> amounts falling due within one year	13	(18,762)	(38,801)
Derivative financial instruments	14	(834)	(868)
		<hr/>	<hr/>
<b>Net current assets</b>		58,208	51,447
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		92,447	53,514
Government grants	18	-	-
Provision for liabilities	19	(718)	(1,141)
		<hr/>	<hr/>
<b>Net assets</b>		91,729	52,373
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	21	500	500
Share premium		1,103	1,103
Profit and loss account	17	90,126	50,770
		<hr/>	<hr/>
<b>Shareholders' funds</b>		91,729	52,373
		<hr/>	<hr/>

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the board of directors and were signed on its behalf by:

  
F. Leamy  
Director

  
Y. Burke  
Director

2023

# Morphy Richards Limited

UK 00644702

## Statement of changes in equity for the year ended 30 September 2022

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
<b>Balance at 1 October 2020</b>	500	1,103	46,679	48,282
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	4,091	4,091
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	4,091	4,091
<b>Balance at 30 September 2021</b>	500	1,103	50,770	52,373
<b>Balance at 1 October 2021</b>	500	1,103	50,770	52,373
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	39,356	39,356
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	39,356	39,356
<b>Balance at 30 September 2022</b>	500	1,103	90,126	91,729

The accompanying notes form an integral part of the financial statements.

## Notes

*forming part of the financial statements*

### 1 Accounting policies

Morphy Richards Limited ("the Company") is a private company limited by shares and incorporated, domiciled and registered in the United Kingdom. The registered number is 00644702 and the registered address is C/O Glen Dimplex Home Appliances Stoney Lane, Whiston, Prescot, United Kingdom, L35 2XW.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

These financial statements present the results and balance sheet of the Company only. The Directors have availed of the exemption under Section 400 of the Companies Act 2006 not to prepare group accounts on the basis that the results of the Company and its subsidiary undertakings are included in the group accounts of Glen Electric Limited. The consolidated financial statements of Glen Electric Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the Companies House UK, 2ND Floor, The Linenhall, 32-38 Linenhall Street, Belfast, BT2 8BG. As the consolidated financial statements of Glen Electric Limited include the equivalent disclosures, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Key management personnel compensation;
- The disclosure required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of Schedule 1; and
- The exemption under FRS 102.33.1 (a) in not disclosing transactions with fellow wholly owned subsidiaries is also applied.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

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

#### Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments; and financial instruments classified at fair value through the profit or loss.

#### Going concern

The Company has considerable financial resources together with long-term relationships with a number of customers and suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



Notes (continued)

**1 Accounting policies (continued)**

**Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

**Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**Basic financial instruments**

*Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

*Investments in preference and ordinary shares*

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

**1 Accounting policies (continued)**

**Other financial instruments**

*Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

*Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

*Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in profit or loss, the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value or the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

	Years
Freehold buildings	25
Plant, machinery and vehicles	4 - 8
Fixtures, fittings and tools	4 - 8

#### Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

#### Government grants

Government grants are included in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand less all further costs to completion and all costs expected to be incurred in marketing, selling and distribution.

#### Impairment

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### Employee benefits

The Company provides retirement benefits to a certain number of its employees through contributions to separately administered defined benefit and defined contribution schemes.

The assets of the defined benefit scheme are held independently of the Company's assets by trustees. The Company is not the sponsoring employer of the scheme. The cost of providing

## Notes *(continued)*

### 1 **Accounting policies** *(continued)*

#### **Employee benefits** *(continued)*

retirement benefits to employees is charged to the profit and loss account as the sponsoring employer requests based on funding requirements as are determined by an independent actuary by reference to a funding plan and funding assumptions. These amounts are charged to the profit and loss account in the year in which they arise.

The amount charged to the profit and loss account in respect of defined contribution schemes is the contributions payable for the year. Any difference between amounts charged to the profit and loss account and contributions paid to retirement benefit schemes is included in debtors or creditors in the balance sheet.

#### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### **Turnover**

Turnover represents the invoiced value of goods sold to customers less VAT, returns and allowances, and is recognised on shipment of the related goods. Turnover also includes royalty income which is recognised in the income statement based on the contractual rights in the underlying agreements.

#### **Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and interest payable*

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy above).

## Notes (continued)

### 1 Accounting policies (continued)

#### ***Interest receivable and interest payable (continued)***

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### **Research**

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property.

Unrelieved tax losses and other 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.

## Notes (continued)

**2 Turnover**

All turnover relates to the sale of domestic electrical goods. Turnover by geographical location is as follows:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
United Kingdom	29,626	40,411
Europe	3,683	4,830
Rest of World	8,771	12,997
	<hr/>	<hr/>
	42,080	58,238
	<hr/>	<hr/>

**2 Turnover (continued)**

Segmental disclosures of turnover by source, profit before taxation and net assets by geographical area are not provided as, in the opinion of the directors, such information would be prejudicial to the interests of the Company.

**3 Operating expenses, net**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Selling and distribution costs	7,180	8,827
Research costs	649	1,149
Administrative expenses	5,826	6,541
	<hr/>	<hr/>
	13,655	16,517
	<hr/>	<hr/>

**4 Non-trading items**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Profit on sale of intellectual property to subsidiary	32,381	-
Donations for education purposes	-	2,134
Restructuring costs	-	1,103
	<hr/>	<hr/>
	32,381	3,237
	<hr/>	<hr/>

Restructuring costs in the prior year relate to the restructuring of the business.

The intellectual property was previously carried at £Nil in Morphy Richards Limited and was sold to a fellow subsidiary of the Glen Dimplex Group at market value during the year.

## Notes (continued)

<b>5 Interest and other finance income, net</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>(i) Interest, net</b>		
Finance lease interest	-	(3)
Interest receivable/(payable) and similar income/(expense)	89	(26)
	<u>89</u>	<u>(29)</u>
<b>(ii) Other finance income, net</b>		
Fair value movement on forward foreign exchange contracts	2,317	487
	<u>2,406</u>	<u>458</u>

**6 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging/(crediting):

	<b>2022 £'000</b>	<b>2021 £'000</b>
Amortisation of development grant (note 18)	-	(3)
Depreciation of tangible assets (note 9)	374	536
(Gain) on the sale of fixed assets	(11)	(2,051)
Auditor's remuneration – in respect of financial statements	42	39
Staff costs (note 7)	3,084	5,688
Other operating lease rentals	1	1
	<u>3,084</u>	<u>5,688</u>

**7 Staff costs**

Particulars of employees (including directors) are shown below:

	<b>2022 £'000</b>	<b>2021 £'000</b>
<i>Employee costs during the year amounted to:</i>		
Wages and salaries (a)	2,698	5,016
Social security costs	292	530
Retirement benefit costs	94	142
	<u>3,084</u>	<u>5,688</u>

(a) Wages and salaries exclude COVID-19 subsidies of £Nil received by the Company during the year (2021: £9,250).

## Notes (continued)

**7 Staff costs (continued)**

The average number of people employed by the Company (including directors) during the year was as follows:

	<b>2022 Number</b>	<b>2021 Number</b>
Service	7	7
Research	8	15
Distribution	5	13
Sales	16	29
Administration	15	35
	<hr/>	<hr/>
	51	99
	<hr/>	<hr/>

**Directors' remuneration:**

Directors' remuneration (including retirement benefit contributions) was paid in respect of directors of the Company as follows:

	<b>2022 £'000</b>	<b>2021 £'000</b>
Emoluments	-	-
	<hr/>	<hr/>

**Directors' retirement benefits:**

The number of directors who were members of the Company retirement benefit schemes were as follows:

	<b>2022 Number</b>	<b>2021 Number</b>
Defined benefit schemes	-	-
	<hr/>	<hr/>

**Highest paid director:**

Directors' emoluments include the following in respect of the highest paid director:

	<b>2022 £'000</b>	<b>2021 £'000</b>
Emoluments	-	-
	<hr/>	<hr/>

Directors' remuneration are borne by another group company.



## Notes (continued)

<b>8 Tax on profit on ordinary activities</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Corporation tax at 19% (2021: 19%)	727	595
Adjustment in respect of prior years	207	-
	<hr/>	<hr/>
Current tax charge for the year	934	595
Deferred tax (note 19)	153	16
	<hr/>	<hr/>
<b>Total tax charge for the year</b>	<b>1,087</b>	<b>611</b>
	<hr/>	<hr/>

The difference between the total taxation showing above and the amount calculated by applying the standard rate of corporation tax to the profit before tax is as follows:

	<b>2022 £'000</b>	<b>2021 £'000</b>
Profit on ordinary activities before taxation	40,443	4,702
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2021: 19%)	7,684	894
<i>Effects of:</i>		
Non-taxable items and permanent depreciation	21	32
Group relief	(554)	118
Adjustment in respect of prior years	207	-
Impact of change in tax rate on deferred tax asset	-	(111)
Profit on disposal of fixed assets	-	(382)
Profit on sale of intellectual property	(6,152)	-
Other	(119)	60
	<hr/>	<hr/>
<b>Total tax charge for the year</b>	<b>1,087</b>	<b>611</b>
	<hr/>	<hr/>

**Factors that may affect future tax charges:**

The UK Corporation tax rate will increase from 19% to 25% effective 1 April 2023 based on the expected future profits.

## Notes (continued)

9 Tangible assets	Freehold land and buildings £'000	Plant, machinery and vehicles £'000	Fixtures, fittings and tools £'000	Total £'000
<b>Cost</b>				
At beginning of year	2,408	622	4,417	7,447
Additions	-	-	214	214
Disposals/retirements	-	(97)	(150)	(247)
<b>At end of year</b>	<b>2,408</b>	<b>525</b>	<b>4,481</b>	<b>7,414</b>
<b>Depreciation</b>				
At beginning of year	1,203	420	3,757	5,380
Charge for the year	96	43	235	374
Disposals/retirements	-	(58)	(140)	(198)
<b>At end of year</b>	<b>1,299</b>	<b>405</b>	<b>3,852</b>	<b>5,556</b>
<b>Net book value</b>				
<b>At 30 September 2022</b>	<b>1,109</b>	<b>120</b>	<b>629</b>	<b>1,858</b>
At 30 September 2021	1,205	202	660	2,067

Included in the above are the following amounts in respect of fixed assets, which are financed by finance leases and which continue to be legally owned by the lessors:

	2022 £'000	2021 £'000
Net book value as at end of year	23	81
Depreciation charge for year	20	37

# Morphy Richards Limited

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## Notes (continued)

<b>10 Financial assets</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<i>Investments in subsidiaries at cost:</i>		
Opening – 1 October	-	-
Additions (note 4)	32,381	-
	<hr/>	<hr/>
<b>Closing – 30 September</b>	<b>32,381</b>	<b>-</b>
	<hr/>	<hr/>

At 30 September 2022, the directors are satisfied that the carrying value of the Company's financial assets is not less than their realisable value.

The information required by the Companies Act 2006 in relation to subsidiary companies is given in note 26.

<b>11 Inventories</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Finished goods and goods for resale	12,482	16,059
	<hr/>	<hr/>
	<b>12,482</b>	<b>16,059</b>
	<hr/>	<hr/>

The replacement cost of inventories did not differ significantly from the amounts shown above. Inventories are stated net of a provision for impairment of £358,000 (2021: £260,000).

<b>12 Debtors: amounts falling due within one year</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Trade debtors (a)	5,374	7,150
Prepayments and other debtors	5,383	4,428
Deferred tax asset (note 20)	447	600
Amounts owed from fellow subsidiary undertakings (b)	50,853	61,900
	<hr/>	<hr/>
	<b>62,057</b>	<b>74,078</b>
	<hr/>	<hr/>

(a) Trade debtors are stated net of a provision for impairment of £950,000 (2021: £320,000).

(b) The amounts owed from fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

## Notes (continued)

<b>13 Creditors: amounts falling due within one year</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Trade creditors	686	1,507
Finance lease obligations	18	77
Payroll taxes and social security	67	23
VAT	1,092	1,394
Corporation tax	746	425
Accruals	7,345	14,312
Amounts owed to parent company and fellow subsidiary undertakings (a)	8,808	21,063
	<u>18,762</u>	<u>38,801</u>

(a) The amounts owed to parent company and fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

<b>14 Financial instruments</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Assets/(liabilities) at fair value through profit or loss</b>		
<b>Financial assets</b>		
Forward foreign exchange contracts	3,117	834
<b>Total financial assets</b>	<u>3,117</u>	<u>834</u>
<b>Financial liabilities</b>		
Forward foreign exchange contracts	(834)	(868)
<b>Total financial liabilities</b>	<u>(834)</u>	<u>(868)</u>
<b>Total net financial assets/(liabilities)</b>	<u>2,283</u>	<u>(34)</u>

(a) Financial risk measured at fair value

#### Derivative financial instruments

The fair value of forward exchange contracts is determined using quoted forward foreign currency exchange rates at the balance sheet date.

(b) Financial risk management

#### Foreign currency

Due to the nature of its business, the Company is exposed to the effects of fluctuations in foreign currency exchange rates. In order to manage these exposures, the Company enters into various hedging arrangements. At 30 September 2022, the Company had commitments under forward foreign exchange contracts, whereby it is committed to purchase contracts with a sterling equivalent of £13,366,924 (2021: £24,554,117).

## Notes (continued)

## 14 Financial instruments (continued)

## (b) Financial risk management (continued)

## Credit risk

Cash deposits and other financial assets give rise to credit risk on the amounts due from counterparties. The Company controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. The Company's exposure to its counterparties is continuously monitored and the aggregate value of transactions entered into is spread amongst approved counterparties. In addition, the Company's cash deposits are with counterparties with high credit ratings. In order to manage credit risk exposure, the Company has procedures in place to set customer credit limits and also to monitor credit exposure on an ongoing basis.

15 Cash at bank and in hand	2022 £'000	2021 £'000
Cash at bank and in hand	148	145

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents equals the carrying the amount.

## 16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022 £'000	2021 £'000
Less than one year	1	1
Between one and five years	2	3
More than five years	-	-
	3	4

During the year £1,000 was recognised as an expense in the profit and loss account in respect of operating leases (2021: £1,000).

17 Capital and reserves	2022 £'000	2021 £'000
Profit and loss reserves at the start of the year	50,770	46,679
Profit for the year	39,356	4,091
Other comprehensive income	-	-
Profit and loss reserves at the end of year	90,126	50,770

## Notes (continued)

<b>18 Government grants</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Balance at beginning of year	-	3
Amortisation	-	(3)
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

<b>19 Provision for liabilities</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Warranty	718	1,141
	<hr/>	<hr/>

The provision for warranties relates to expected warranty claims on products sold at the balance sheet date. It is expected that the majority of this expenditure will be incurred over the next year.

<b>20 Deferred tax asset</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Balance at beginning of year	600	616
Charge for the year (note 8)	(153)	(16)
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b>447</b>	<b>600</b>
	<hr/>	<hr/>

The deferred tax asset at 30 September 2022 consists of £447,000 (2021: £600,000) relating to timing differences.

<b>21 Called up share capital</b>	<b>2022 £</b>	<b>2022 £</b>
<b>Authorised</b>		
100,000 ordinary shares of £1 each	100,000	100,000
500,000 deferred shares of £1 each	500,000	500,000
	<hr/>	<hr/>
	<b>600,000</b>	<b>600,000</b>
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	100	100
500,000 deferred shares of £1 each	500,000	500,000
	<hr/>	<hr/>
	<b>500,100</b>	<b>500,100</b>
	<hr/>	<hr/>

## Notes (continued)

### 21 Called up share capital (continued)

The deferred shares, which are non-voting, equity shares as defined in FRS 4 *Capital Instruments*, as they have the following rights:

- i. Fifty percent of the balance of profits distributed over £10 million.
- ii. Fifty percent of the balance of assets over £10 million on a return of assets on liquidation or otherwise.

### 22 Commitments and contingencies

#### (a) Capital commitments

At the end of the year capital commitments were:

	2022 £'000	2021 £'000
Authorised and contracted for	21	-
Authorised and not contracted for	2	-
	<hr/>	<hr/>
	23	-
	<hr/>	<hr/>

#### (b) Contingencies

At 30 September 2022, the Company had outstanding documentary credits and bills of exchange totalling £0.2 million (2021: £0.1 million).

### 23 Retirement benefit obligations

Certain company employees are members of either an externally funded defined benefit scheme or one of the Company's defined contribution retirement benefit schemes. On 28 February 2013, the Glen Dimplex Group defined benefit retirement benefit scheme was closed to further accrual.

Some of the Company's employees together with employees of other Glen Dimplex group companies participate in the Glen Dimplex Group Pension Scheme, the assets of which are held separately from those of the Company, and are vested in trustees for the benefit of employees and their dependants. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

The charge to the Company for the defined benefit scheme amounted to £Nil (2021: £Nil). The retirement benefit charge for payments to defined contribution schemes for the year was £94,000 (2021: £142,000).

As at the balance sheet date, the defined benefit scheme shows a net deficit of £3,414,750 based on valuations of the scheme updated to that date by qualified independent actuaries (2021: £5,811,000). The market value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, was £36,575,000 (2021: £52,563,000). The present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, was £41,128,000 (2021: £60,311,000), and the related deferred tax asset, was £1,138,250 (2021: £1,937,000).

## Notes (continued)

**23 Retirement benefit obligations (continued)**

The Company's share of this deficit is not readily identifiable on a consistent and reasonable basis and accordingly, as allowed under Section 28 of FRS 102, the Company accounts for its contributions to the scheme as if it were a defined contribution retirement benefit scheme. The most recent actuarial valuation of the scheme was at 5 April 2021. Particulars of these valuations and the updated valuations as at 30 September 2022 referred to above can be found in the consolidated financial statements of the parent company, Glen Electric Limited.

The Company is one of a number of participating employers in the scheme and the implications of surpluses or deficits are considered on a Group basis. The contribution rate for the year ended 30 September 2022 was 0% (2021: 0%) of pensionable earnings and it is intended to maintain contributions at least at these levels into the future. Current employees of the Company represent c.1% of the total employees entitled to benefit under the scheme.

**24 Related party transactions**

The Company has availed of the exemptions permitted under FRS 102.33.1(a) in not disclosing transactions with fellow wholly owned subsidiary undertakings which eliminate in the consolidated financial statements of Glen Dimplex Europe Holdings Limited.

During the year, donations of £Nil (2021: £2.1 million) were made to The Naughton Foundation.

**25 Ownership and operations**

The Company's immediate parent company is Morphy Richards Appliances Limited, a company registered in the United Kingdom. The ultimate parent company is Kilkee Investments Unlimited, a company incorporated in the Isle of Man. The controlling shareholder is M. Naughton.

The smallest group in which the results of the Company are consolidated is that of Glen Electric Limited, Rampart Road, Greenbank Industrial Estate, Warrenpoint Road, Newry, Co. Down, BT34 2QU, whose consolidated financial statements may be obtained from Companies House, 2nd Floor, The Linenhall, 32-38 Linenhall Street, Belfast, BT2 8BG. The largest group in which the results of the Company are consolidated is that of Glen Dimplex Europe Holdings Limited, Airport Road, Cloghran, Co. Dublin, whose consolidated financial statements are available to the public and may be obtained from the Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1.

**26 Subsidiaries and registered offices**

**Holding of  
Ordinary  
Shares %**

**Incorporated in United Kingdom**

(a) Morphy Richards Consumer Appliances Limited	100
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**Registered offices**

(a) C/o Glen Dimplex Home Appliances, Stoney Lane, Prescott, Merseyside L35 2XW, England	
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Notes *(continued)***27 Accounting estimates and judgements**

Key sources of estimation uncertainty and critical accounting judgements are as follows:

**Post-retirement benefits**

The Company's total obligation in respect of defined benefit retirement benefit schemes is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Company.

**Recoverability of trade receivables**

The Company provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. Trade receivables are considered for impairment on a case by case basis, when they are past due at the reporting date or when objective evidence is received that a specific counterparty may default. The Company does not have a history of material customer default.

**Valuation of inventory**

Inventories are measured at the lower of cost and net realisable value. The Company's policy is to hold inventories at original cost and create an inventory provision where evidence exists that indicates net realisable value is below cost for a particular item of inventory. Damaged, slow-moving or obsolete inventory are typical examples of such evidence.

**Warranty**

Certain products carry formal guarantees for varying periods following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement. Details of the carrying value of warranty provisions is set out in note 18.

**28 Post balance sheet events**

On 7 June 2022 Morphy Richards Limited signed a non-binding memorandum of understanding regarding the sale of the Morphy Richards business and shares in Morphy Richards Consumer Appliances Limited to Guangdong Xingbao Electric Co., Ltd. This transaction completed on 10 March 2023 for a consideration of €156 million.

**29 Approval of financial statements**

The financial statements were approved by the directors on 22 June 2023.