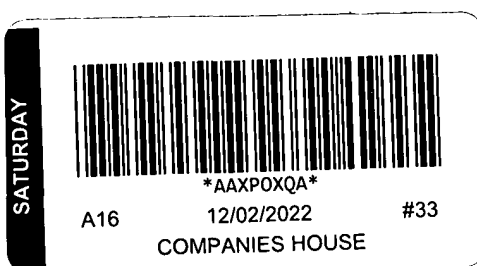


Registered number: 01728009

MILLBROOK (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021



MILLBROOK (UK) LIMITED

COMPANY INFORMATION

Directors	M Croll P Croll A Longland (resigned 29 September 2020) R Thurston
Company secretary	P Croll
Registered number	01728009
Registered office	Nutsey Lane Calmore Industrial Estate Totton Southampton Hampshire SO40 3XJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 5 Benham Road Southampton Science Park Chilworth Southampton SO16 7QJ
Bankers	Lloyds Bank City Office Branch Bailey Drive Gillingham Business Park Kent ME8 0LS

MILLBROOK (UK) LIMITED

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MILLBROOK (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Introduction

The directors present the strategic report and financial statements for the year ended 30 June 2021.

Millbrook (UK) Ltd is a manufacturer of quality handmade beds and mattresses; holds furniture; flooring supply and fit contracts; and paints, repairs and cleans military vehicles.

Business review

The beds business had another strong year with the impact of Covid limited as retail shops were largely open as usual. Turnover grew by 21.9% in the first half of the year to December (2020: 7.1%) and by 28.9% in the second half (2020: decrease 5.4%). The business continued to manufacture Personal Protective Equipment for the NHS while also growing its independent customer base.

Turnover from the military contracts declined in the year due to restrictions on travel and deferrals of large military exercises.

Operating margins were maintained at similar levels to the previous year in all parts of the business.

Principal risks and uncertainties

The Company is exposed to the risk of a consumer spending slow down. The Company reviews market conditions and trends in consumer spending on a regular basis and adjusts its plans accordingly.

The Company is also exposed to the risk of not meeting performance criteria. The Company monitors performance closely to mitigate this risk.

The Company is also exposed to interest rate, bad debt and foreign exchange risks.

Interest rates are not hedged as the Company holds no external debt and interest rates are expected to remain relatively low.

Bad debts are not insured. The risk is minimised by maintaining a robust credit policy including credit checks on potential new customers and regular reviews of limits for existing customers.

The BREXIT transition in January had a small impact on imports, as felt by the wider economy but the business has very little export, so sales were not affected.

Financial key performance indicators

The Company manufactures a quality, handmade product with lead times and being able to respond to its customers quickly seen as instrumental to the success of the business. The significant growth in business and the initial impact of the transition from the EU sees the average lead time at 4.7 weeks (2020: 3.1 weeks).

Other KPI's are specific to individual contract milestones and these were met 100% during the year.

The number of days taken for the independent sector customers to pay an invoice is a key part of the credit risk management policy. The average payment days during the year were 32 days (2020: 37).

MILLBROOK (UK) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Financial risk management

Prices are driven via market forces and competition. By ensuring production is as efficient as possible the Company is able to ensure it can offer its products at competitive prices.

The Company does not insure against bad debts but does maintain a robust credit control policy.

Future performance

Post year end, the beds business has continued to trade well with the launch of new, environmentally aware product ranges and the expansion into the US market. It is on track to outperform the year to June 2021.

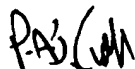
The Company takes seriously its responsibility to be a sustainable manufacturer and recognising the environmental impact of disposing of mattresses, is committed to reducing waste; innovating manufacturing processes to improve recyclability and reduce our carbon footprint through the newly launched Dream Trees™ Initiative.

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The directors have reviewed the working capital requirements of the Company for a period of at least 12 months from the anticipated date of signing the financial statements and are satisfied that the company will be able to meet its liabilities as they fall due.

This report was approved by the board on

21/1/22

and signed on its behalf.



P Croll
Director

MILLBROOK (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Results and dividends

The profit for the year, after taxation, amounted to £3,771,000 (2020 - £4,670,000).

A dividend of £4,726,000 was paid in the year (2020: £1,746,000).

Directors

The directors who served during the year were:

M Croll
P Croll
A Longland (resigned 29 September 2020)
R Thurston

Directors' responsibilities statement

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 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 Company will continue in business.

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

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

—MILLBROOK (UK) LIMITED—

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company'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's auditor is aware of that information.

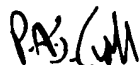
Auditor

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

This report was approved by the board on

21/1/22

and signed on its behalf.



P Croll
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLBROOK (UK) LIMITED

Opinion

We have audited the financial statements of Millbrook (UK) Limited (the 'Company') for the year ended 30 June 2021, which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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 Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



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

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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The company is subject to laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors, and legal and regulatory correspondence. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102, Tax Law, Employment Law and Health and Safety regulations.

We understood how the company complies with these legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies.

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 noncompliance with laws and regulations throughout the audit.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the company's operations, including the nature 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 company's control environment, including the policies and procedures implemented to comply with the requirements of the laws and regulations it is subject to, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations, the adequacy of procedures for authorisation of transactions, internal review procedures over the company's compliance with regulatory requirements, and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by making enquires of management and those charged with governance. We evaluated management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls.

We determined that the principal risks were in relation to:

- journal entries with a focus on manual journals and journals indicating large or unusual transactions;
- the accuracy and occurrence of revenues in particular around period end; and;
- potential management bias in determining accounting estimates, especially in relation to the calculation of impairment of inventory and trade and intercompany receivables.

Our audit procedures involved:



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

- evaluation of the design effectiveness and testing the operating effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on material manual journals, including those with unusual account combinations, those that increased revenues or reclassified costs from the income statement and those posted directly to cash, debtors and creditors control accounts;
- vouching the occurrence and accuracy of revenue to supporting evidence;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

The engagement leader's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the team's understanding of, and experience with engagements of a similar nature and complexity, knowledge of the industry and understanding of the legal and regulatory requirements specific to the entity;

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;

The engagement leader's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the team's understanding of, and experience with engagements of a similar nature and complexity, knowledge of the industry and understanding of the legal and regulatory requirements specific to the entity;

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

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.



Amanda James BFP ACA FCCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton
Date: 26 January 2022

MILLBROOK (UK) LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £000	As restated 2020 £000
Turnover	4	25,135	31,255
Cost of sales		(14,281)	(17,025)
Gross profit		10,854	14,230
Distribution costs		(1,041)	(1,153)
Administrative expenses		(5,926)	(7,226)
Other operating income	5	160	144
Operating profit	7	4,047	5,995
Tax on profit	11	(276)	(1,325)
Profit after tax		3,771	4,670
Retained earnings at the beginning of the year		7,649	4,725
Profit for the year		3,771	4,670
Dividends declared and paid		(4,726)	(1,746)
Retained earnings at the end of the year		6,694	7,649

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of income and retained earnings.

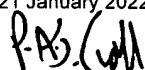
The notes on pages 13 to 31 form part of these financial statements.

MILLBROOK (UK) LIMITED
REGISTERED NUMBER:01728009

BALANCE SHEET
AS AT 30 JUNE 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	22	17
Tangible assets	14	1,988	2,424
Investments	15	23	23
		<u>2,033</u>	<u>2,464</u>
Current assets			
Stocks	16	1,658	1,417
Debtors: amounts falling due within one year	17	6,254	9,348
Cash at bank and in hand	18	3,157	2,656
		<u>11,069</u>	<u>13,421</u>
Creditors: amounts falling due within one year	19	(5,212)	(7,070)
Net current assets		<u>5,857</u>	<u>6,351</u>
Total assets less current liabilities		<u>7,890</u>	<u>8,815</u>
Creditors: amounts falling due after more than one year	20	-	(7)
Provisions for liabilities			
Deferred tax	26	(108)	(84)
Other provisions	22	(29)	(16)
Net assets		<u>7,753</u>	<u>8,708</u>
Capital and reserves			
Called up share capital	23	1,059	1,059
Profit and loss account	24	6,694	7,649
		<u>7,753</u>	<u>8,708</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 January 2022.



P Croll
Director

The notes on pages 13 to 31 form part of these financial statements.

MILLBROOK (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 July 2020	1,059	7,649	8,708
Comprehensive income for the year			
Profit for the year	-	3,771	3,771
Dividends: Equity capital	-	(4,726)	(4,726)
At 30 June 2021	1,059	6,694	7,753

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 July 2019	1,059	4,725	5,784
Comprehensive income for the year			
Profit for the year	-	4,670	4,670
Capital contribution	-	(1,746)	(1,746)
At 30 June 2020	1,059	7,649	8,708

The notes on pages 13 to 31 form part of these financial statements.

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

Millbrook (UK) Limited is a private Company limited by shares & incorporated in England and Wales. Its registered head office is located at Nutsey Lane, Calmore Industrial Estate, Southampton, Hampshire, SO40 3XJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The Company is a wholly owned subsidiary of Millbrook Industries Limited. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the Company's individual financial statements.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Millbrook Industries Limited as at 30 June 2021 and these financial statements may be obtained from Companies House.

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The directors have reviewed the working capital requirements of the company for a period of at least 12 months from the anticipated date of signing the financial statements and are satisfied that the company will be able to meet its liabilities as they fall due.

2.4 Revenue recognition

Turnover is the revenue arising from the sale of goods and services for handmade pocket sprung beds and mattresses and the painting and maintenance of vehicles. It is stated at the fair value of the consideration receivable, net of returns, discounts and rebates and value added taxes.

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

Sale of goods

Revenue from the sale of goods is recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer, which is generally considered to be when the customer has taken undisputed delivery of the goods.

Sale of services

Revenue from the sale of services is recognised when services have been provided and the right to consideration has been earned.

Discounts receivable

Revenue from discounts receivable is recognised on an accruals basis.

2.5 Intangible assets

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

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software	=	33 % straight line
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MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.6 Tangible fixed assets

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

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

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.

The estimated useful lives range as follows:

Plant and machinery	- 10% - 20%
Fixtures and fittings	- 10% - 20%

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

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

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

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.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 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.

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows 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 arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small Company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of income and retained earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

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 Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.12 Creditors

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

2.13 Government grants

Income received under the Coronavirus Job Retention Scheme has been recognised in the period to which the underlying furloughed staff costs relate. Any income received is recognised as Other operating income. There are no unfulfilled conditions attached to the grants.

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'administrative expenses'.

2.15 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.

2.16 Operating leases: the Company as lessee

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

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

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.17 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets.

Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives.

Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Warranty provision

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.20 Current and deferred taxation

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

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

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

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

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

2.21 Research and development

All research and development expenditure is expensed as incurred.

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty include:

- determining the useful lives of fixed assets (which are reflected in the depreciation policy – see note 2.6);
- recoverability of debtors (specific provisions are made where recoverability is considered doubtful - see note 17);
- stock provisions (provisions are made where stock is considered surplus to requirements or where there are possible quality issues or defects – see note 16).

MILLBROOK (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

4. Turnover

The whole of the turnover is attributable to the principal activities of the business.

5. Other operating income

	2021	<i>As restated</i> 2020
	£000	£000
Discounts receivable	74	19
Government grants receivable	86	125
	160	144

6. Prior period restatement

The prior period statement of comprehensive income has been restated as a result of the correction of a classification error. Government grant income (CJRS) was incorrectly coded which resulted in the netting the amounts received against cost to which the grant related as opposed to separate disclosure as Other operating income. Correction of this error resulted in an increase in other operating income and administrative expenses of £125k. There was no profit or balance sheet impact as a result of this error.

7. Operating profit

The operating profit is stated after charging:

	2021	2020
	£000	£000
Depreciation of tangible fixed assets (note 14)	422	495
Amortisation of intangible fixed assets (note 13)	8	7
Exchange differences	187	317
Research & development charged as an expense	34	-
Other operating lease rentals (rent payable)	301	304

MILLBROOK (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

8. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	25	20
Fees payable to the Company's auditor and its associates for taxation compliance services	6	5
Fees payable to the Company's auditor and its associates for tax advisory	-	7
Fees payable to the Company's auditor and its associates for all other purposes	1	1

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	<i>As restated</i> 2020 £000
Wages and salaries	6,656	7,358
Social security costs	355	516
Cost of defined contribution scheme	90	87
	7,101	7,961

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

	2021 No.	2020 No.
Number of staff	120	104

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

10. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	1,553	1,986
Company contributions to defined contribution pension schemes	13	8
	<u>1,566</u>	<u>1,994</u>

The highest paid director received remuneration of £1,453,870 (2020 - £1,825,449).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,500 (2020 - £Nil).

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 2).

MILLBROOK (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	784	1,056
Adjustments in respect of prior periods	-	(2)
	784	1,054
 Double taxation relief	 (338)	 (511)
After double taxation relief	446	543
 Foreign tax on income for the year	 -	 428
Foreign tax in respect of prior periods	(194)	266
	(194)	694
 Deferred tax		
Origination and reversal of timing differences	(2)	88
Changes to tax rates	26	-
Total deferred tax	24	88
 Taxation on profit on ordinary activities	 276	 1,325

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	4,047	5,995
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19.00%)	770	1,139
Effects of:		
Fixed asset differences	(1)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13	5
Adjustments to tax charge in respect of prior periods	(194)	264
Foreign tax credits	(338)	(83)
Remeasurement of deferred tax for changes in tax rates	26	-
Total tax charge for the year	276	1,325

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

12. Dividends

	2021 £000	2020 £000
Dividends paid (interim)	4,726	1,746

13. Intangible assets

	Software £000
Cost	
At 1 July 2020	76
Additions	13
At 30 June 2021	89
Amortisation	
At 1 July 2020	59
Charge for the year	8
At 30 June 2021	67
Net book value	
At 30 June 2021	22
At 30 June 2020	17

Amortisation of intangible fixed assets is included in administrative expenses.

MILLBROOK (UK) LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

14. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 July 2020	5,569	866	6,435
Additions	52	24	76
Disposals	(87)	(3)	(90)
At 30 June 2021	<u>5,534</u>	<u>887</u>	<u>6,421</u>
Depreciation			
At 1 July 2020	3,276	735	4,011
Charge for the year on owned assets	355	67	422
At 30 June 2021	<u>3,631</u>	<u>802</u>	<u>4,433</u>
Net book value			
At 30 June 2021	<u>1,903</u>	<u>85</u>	<u>1,988</u>
At 30 June 2020	<u>2,293</u>	<u>131</u>	<u>2,424</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £000	2020 £000
Plant and machinery	<u>7</u>	<u>100</u>

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2020	23
At 30 June 2021	<u>23</u>
Net book value	
At 30 June 2021	<u>23</u>
At 30 June 2020	<u>23</u>
Subsidiary undertakings	

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
The Handmade Bed Company Limited	Nutsey Lane, Calmore Industrial Estate Totton, Southampton, Hampshire, SO40 3XJ	Ordinary	100%
Millbrook GmbH	c/o Dr. Sabel & Partner mbB, Tulpenhofstraße 18, 63067 Offenbach am Main, Germany	Ordinary	100%

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. Stocks

	2021 £000	2020 £000
Raw materials and consumables	1,302	984
Work in progress (goods to be sold)	96	146
Finished goods and goods for resale	260	287
	<u>1,658</u>	<u>1,417</u>

An impairment gain/loss of £Nil (2020: £Nil) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

17. Debtors

	2021 £000	2020 £000
Trade debtors	3,667	6,852
Amounts owed by group undertakings	1,160	808
Other debtors	23	200
Prepayments and accrued income	1,404	1,488
	<u>6,254</u>	<u>9,348</u>

An impairment loss of £Nil (2020: £9,813) was recognised against trade debtors.

18. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	<u>3,157</u>	<u>2,656</u>

MILLBROOK (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

19. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	1,050	966
Amounts owed to group undertakings	2,067	1,277
Corporation tax	436	216
Other taxation and social security	218	552
Obligations under finance lease and hire purchase contracts	7	36
Other creditors	130	179
Accruals and deferred income	1,304	3,844
	5,212	7,070

Obligations under finance lease and hire purchase contracts are secured against the asset to which they relate

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

	2021	2020
	£000	£000
Net obligations under finance leases and hire purchase contracts	-	7

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£000	£000
Within one year	7	36
Between 1-2 years	-	7
	7	43

MILLBROOK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

22. Provisions

The warranty provision relates to a long-term accrual providing for exchange credits based on actual credits raised during the year and the length of time from despatch to claim raised.

	Warranty £000
At 1 July 2020	16
Charged to profit or loss	13
At 30 June 2021	<u>29</u>

23. Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
1,059,380 Ordinary shares of £1 each	<u>1,059</u>	<u>1,059</u>

All the ordinary shares carry equal participation in assets, rights to dividends and voting power.

24. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

25. Retirement Benefits

The Company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

	2021 £000	2020 £000
Contributions payable by the Company for the year	95	87
Contributions payable to the fund at the year end and included in creditors	<u>8</u>	<u>25</u>

MILLBROOK (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

26. Deferred taxation

	2021 £000
At beginning of year	(84)
Charged to profit or loss	(24)
At end of year	(108)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Fixed asset timing differences	(112)	(89)
Short term timing differences	4	5
	(108)	(84)

27. Commitments under operating leases

The Company had no commitments under non-cancellable operating leases at the balance sheet date.

28. Contingent liabilities

The Company has provided an unlimited guarantee in respect of the bank borrowings of its parent and fellow subsidiary undertakings which at 30 June 2021 amounted to £2m (2020: £Nil).

29. Related party transactions

As a wholly owned subsidiary of Millbrook Industries Limited, the Company is exempt under FRS 102 from disclosing transactions with other members of the group headed by that Company whose consolidated financial statements are publicly available at Companies House.

30. Controlling party

The directors consider that the ultimate parent undertaking of this Company is its immediate parent Company, Millbrook Industries Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up, including this Company, is that headed by Millbrook Industries Limited which is registered in England and Wales. A copy of the consolidated accounts can be obtained from Companies House.

C Croll is this Company's ultimate controlling party by virtue of a majority shareholding in Millbrook Industries Limited.