

**OMEGA PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**



# OMEGA PLC

## COMPANY INFORMATION

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**Board of Directors** Sir R S Murray CBE FCCA Hon. Doc.  
S K Barber FCA  
J J R Murray ACA  
A S England  
J Cahill  
D J Hendry CA  
J Bishton  
K L Snow

**Company Secretary** D J Hendry CA  
Pinsent Masons Secretarial Limited

**Registered number** 02700038

**Registered office** Omega Boulevard  
Capitol Park  
Thorne  
Doncaster  
DN8 5TX

**Auditor** RSM UK Audit LLP  
Central Square  
5th Floor  
29 Wellington Street  
Leeds  
LS1 4DL

**Bankers** HSBC Bank Plc  
33 Park Row  
Leeds  
LS1 1LD

**Solicitors** Squire Patton Boggs  
6 Wellington Place  
Leeds  
LS1 4AP

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# OMEGA PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their Strategic Report for the year ended 31 December 2022.

#### **Principal activity**

Omega PLC designs, manufactures and markets branded kitchen furniture. The company and all its subsidiaries and related companies are incorporated, domiciled and registered in England. Details of the company number and registered office address can be found on the Company Information page.

#### **2022 performance**

The company delivered impressive results in 2022, in an extremely challenging market, with sales increased by 22% to a record £60.2m (2021 : £49.4m), following an increase in sales from 2020 to 2021 of 16%. This resulted in an operating profit of £5.2m (2021: £6.2m) and an EBITDA in the year of £8.9m (2021: £9.8m). The reduction in operating profit can be attributed to a number of one-off, non-recurring revenues and cost savings which benefitted 2021.

The business and the wider economy faced numerous challenges during the year, primarily emanating from the war in Ukraine and the resultant pressure on supply chains, with record inflationary pressures impacting raw materials and utility costs. These extraordinary challenges were managed proactively and successfully throughout the year allowing the business to guarantee its sales prices and provide certainty and support for its customers.

The focus on working capital management continued throughout 2022 and resulted in an excellent cash generation for the year.

#### **2023 outlook**

2023 is expected to be a challenging year due to the ongoing economic conditions and inflationary pressures and the directors have planned for this.

Despite the prevailing market conditions, the business maintains its focus on the medium-term, investing for the future in product innovation and further supporting customers with price commitments into 2024. The business launched a new technologically market-leading handleless kitchen brand ("Novus") in May 2023 which will open up opportunities with new customers and consumers and will complement the existing brands to further cement our position in the market.

#### **Principal risks and uncertainties**

The company's products are distributed into competitive markets which can be dependent on general economic conditions. The impact of potentially adverse conditions has been mitigated by investing in new products and routes to market plus service, quality, innovation, design, stock investment and price stability, ensuring that the business has been fully invested to push forward into 2024 and continue gaining market share.

There has been further investment in energy efficiency initiatives, designed to both reduce emissions and power consumption, and laying the foundations for future years and the company expects to continue to see the success of this investment for many years in the future. New initiatives are reviewed throughout each year, as part of a continual cycle of improvement.

Continued competitive pricing pressure is addressed through innovation and investment in value added capabilities and processes. The directors are close enough to the market to understand potential price changes and pressures and therefore can deal with that proactively, thereby reducing the risk of a significant impact on performance.

The financial risk resulting from either customer or supplier failure is low due to a diversified customer base, with no dominant customer accounting for a significant proportion of sales, and long term, strategic relationships with key suppliers. Given current market conditions, this is something which the directors are actively involved in reviewing to ensure that any risks are addressed.

# OMEGA PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Principal risks and uncertainties (continued)

Risks associated with single site operations and information technology are dealt with through a disaster recovery plan that is reviewed, updated and sponsored by the group board, annually. Cyber security monitoring is undertaken by an external specialist on a 24/7 basis and external penetration testing is also carried out periodically.

#### Future developments

The company continues to invest for the medium-term in plant and machinery, IT systems, new product and people and is targeting further growth in both sales and profitability, through securing additional market share and operational efficiencies. Further development of in-house training programmes, together with cross-skilling to ensure operational efficiency, will enhance the skills of our people to ensure that the business remains adaptable and flexible to customer requirements. The shareholders remain committed to the investment required to drive the business forward to meet future demand.

#### Key performance indicators

The directors closely monitor business performance utilising financial and non-financial KPI's. Core strategic financial KPI's are unit sales, net sales value, gross and operating profit, EBITDA and cash flow. These financial KPI's are further analysed down to sector and product level to ensure operational control. Non-financial measures include delivery performance, "customer first", "right first time", remedials and manpower, and reflect the company's commitment to class leading customer service.

	2022 £'000	2021 £'000
<b>Turnover</b>	60,224	49,371
<b>Gross Profit</b>	22,206	19,947
Gross profit as percentage of turnover	37%	40%
<b>EBITDA</b>	8,872	9,830
EBITDA as percentage of turnover	15%	20%

#### Section 172 statement

This section serves as our section 172 statement and should be read in conjunction with this Strategic Report. Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making.

The directors continue to have regard to the interests of the company's employees and other stakeholders, including the impact of its activities on the community, the environment and the company's reputation when making decisions.

The directors are fully aware of their responsibilities to promote the success of the company in accordance with Section 172 of the Companies Act 2006 and actively consider what is most likely to promote success for its members in the long term. The directors regularly review the company's principal stakeholders and how they engage with them and information is provided on a continuous basis from all of our stakeholders, through direct engagement with employees at all levels. The relevance of each stakeholder group is considered when significant decisions are being taken, to ensure that different priorities are reflected where appropriate.

# OMEGA PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### Section 172 statement (continued)

The directors are in regular contact with shareholders, employees, customers and suppliers so that they are aware of their views and to ensure that they are listened to. Relationships with each of these stakeholders is fundamental to the company's success and therefore the impact on each stakeholder company of decision-making is a key component of that process. The directors also engage with a number of different regulatory bodies in relation to our manufacturing operations.

By order of the Board



**D J Hendry CA**  
Director

28 June 2023

# OMEGA PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Sir R S Murray CBE

S K Barber FCA

J J R Murray ACA

A S England

J Cahill

D J Hendry CA

J Bishton

K L Snow (appointed 1 June 2023)

T A Labbett (resigned 30 September 2022)

#### Results and dividends

The results for the year are set out on page 11. No dividends were paid during the year (2021 - £nil) and the directors do not recommend the payment of a dividend for the current year.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Disabled persons

The company will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the company.

During employment the company seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

#### Employees

The company is an equal opportunity employer. The company's policies seek to promote an environment free from discrimination, harassment and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation or is disadvantaged by conditions or requirements which cannot objectively be justified. Entry into, and progression within, the company, is solely determined on the basis of work criteria and individual merit.

The company encourages the involvement of its employees in its management through regular meetings of the Elected Council which has responsibility for the dissemination of information of particular concern to employees (including financial and economic factors affecting the performance of the company and for receiving their views on important matters of policy). The company places considerable value on the involvement of its employees and keeps them informed of matters affecting them through newsletters, regular meetings and team briefings.

The directors recognise that continued and sustained improvement in the performance of the company depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore, the directors believe that the company's ability to sustain a competitive advantage over the long term depends, in large part, on ensuring that all employees contribute to the maximum of their potential. The company is committed to improving the performance of all employees through development training.

# OMEGA PLC

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Health and safety

The health and safety, and welfare of our employees is paramount and our policies cover everything within the workplace to ensure that, as far as is possible, employees are not exposed to risk. Health and safety targets are regularly reviewed by the directors to identify and manage risks and where risk is inherent in an activity, safe operating procedures are in place to mitigate the risk.

There is a formal Health and Safety Committee which meets regularly, comprising shop floor employees, supervisors and managers.

#### Environment

The company recognises the importance of environmental responsibility. The nature of its activities has a minimal effect on the environment but where they do, the company acts responsibly and is aware of its obligations. The directors regularly review items within the company's control which have an impact on the environment, with a view to improving sustainability and reducing waste.

As part of the company's commitment to sustainability, a number of key targets have been identified, including carbon offset and net-zero carbon, which will be developed further in future years. In addition, a number of the United Nations Sustainable Goals have been identified and will be met during the year ahead.

#### Carbon reporting

The company's disclosures in relation to their UK energy use and carbon emissions have been included on a consolidated basis within the financial statements of its ultimate parent company, Cycene Investments Limited.

#### Statement of disclosure to auditor

The directors confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. A statement by the directors of their responsibilities for preparing the financial statements is included in the Statement of Directors' Responsibilities.

#### Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

#### Going concern

The directors of the parent undertaking, Cycene Investments Limited, have prepared group cash flow forecasts through to June 2024 which indicate that the group will have sufficient funds to meet its liabilities as they fall due for that period. In forming this view, the directors of Cycene Investments Limited considered currently available facilities and they have concluded that the group can continue to operate within these facilities.

Therefore, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

# OMEGA PLC

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### Matters of strategic importance

Strategic information, including relating to future developments, is not shown within the Directors' Report, as it is included within the Strategic Report on page 1 under Sch 7.1A.

By order of the Board



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**D J Hendry CA**  
Director

28 June 2023



# OMEGA PLC

## DIRECTORS' RESPONSIBILITIES STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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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 International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards and applicable law.

The financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view, are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMEGA PLC

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## Opinion

We have audited the financial statements of Omega PLC (the 'company') for the year ended 31 December 2022 which comprise statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

## Other information

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

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

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMEGA PLC (CONTINUED)**

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- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept, 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**

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMEGA PLC (CONTINUED)

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- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are IFRS/UK-adopted IAS and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We have held discussions held with the directors and those responsible with compliance and completed a review of minuted meetings by those charged with governance

The audit engagement team identified the risk of management override of controls and risk of fraud in revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing the appropriateness of journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed on the risk of fraud in revenue recognition included but were not limited to checking that revenue was recorded in the correct period with reference to sales transactions recorded around the year end.

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

### Use of our report

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



Michael Thornton (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants  
Central Square  
5th Floor  
29 Wellington Street  
Leeds  
LS1 4DL

28 June 2023

# OMEGA PLC

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Revenue	3	60,224	49,371
Cost of sales		(38,018)	(29,424)
<b>Gross profit</b>		<b>22,206</b>	<b>19,947</b>
Other operating expenses	4	(17,099)	(14,000)
Other operating income		56	266
<b>Operating profit</b>	6	<b>5,163</b>	<b>6,213</b>
Finance costs	8	(839)	(851)
<b>Profit before tax</b>		<b>4,324</b>	<b>5,362</b>
Tax expense	9	(152)	(1,245)
<b>Profit for the financial year</b>		<b>4,172</b>	<b>4,117</b>
<b>Total Comprehensive income for the year</b>		<b>4,171</b>	<b>4,117</b>

Further analysis is provided to reconcile operating profit for the year to EBITDA. EBITDA is defined as profit before tax, interest, depreciation and amortisation.

		2022 £'000	2021 £'000
<b>Operating profit</b>		<b>5,163</b>	<b>6,213</b>
Depreciation of property, plant and equipment	11	2,262	2,187
Depreciation of right-of-use assets	11	1,447	1,425
Amortisation of intangible assets	10	-	5
<b>EBITDA</b>		<b>8,872</b>	<b>9,830</b>

All results presented above arise from continuing operations and are wholly attributable to the equity shareholders of the company.

# OMEGA PLC

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Intangible assets	10		-		-
Property, plant and equipment	11		35,223		37,557
Investments in subsidiaries	12		4		4
			<u>35,227</u>		<u>37,561</u>
<b>Current assets</b>					
Inventories	14	9,386		10,351	
Trade and other receivables	15	72,395		61,628	
Cash and cash equivalents		1,449		3,426	
		<u>83,230</u>		<u>75,405</u>	
<b>Current liabilities</b>	16	<u>(14,286)</u>		<u>(11,979)</u>	
<b>Net current assets</b>			<u>68,944</u>		<u>63,426</u>
<b>Total assets less current liabilities</b>			104,171		100,987
<b>Non-current liabilities</b>	17		(25,867)		(26,858)
<b>Provisions for liabilities</b>	19		(1,169)		(1,166)
<b>Net assets</b>			<u>77,135</u>		<u>72,963</u>
<b>Equity</b>					
Called up share capital	24		52		52
Retained earnings	25		77,083		72,911
<b>Total equity</b>			<u>77,135</u>		<u>72,963</u>

The financial statements on pages 11 to 36 were approved by the Board of Directors on 28 June 2023 and signed on their behalf by:



S K Barber FCA  
Director

# OMEGA PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2021	52	68,794	68,846
Year ended 31 December 2021			
Profit and total comprehensive income for the year	-	4,117	4,117
Balance at 31 December 2021	<u>52</u>	<u>72,911</u>	<u>72,963</u>
Year ended 31 December 2022			
Profit and total comprehensive income for the year	-	4,172	4,172
Balance at 31 December 2022	<u>52</u>	<u>77,083</u>	<u>77,135</u>

# OMEGA PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	1,589	2,601
Interest paid		(839)	-
Corporation taxes (paid) / recovered		(580)	262
<b>Net cash inflow from operating activities</b>		170	2,683
<b>Investing activities</b>			
Purchase of property, plant and equipment		(1,375)	(1,061)
<b>Net cash used in investing activities</b>		(1,375)	(1,061)
Principal element of lease liabilities		(772)	(1,305)
<b>Net cash used in financing activities</b>		(772)	(1,305)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(1,977)	497
Cash and cash equivalents at beginning of year		3,426	2,929
<b>Cash and cash equivalents at end of year</b>		1,449	3,426
<b>Relating to:</b>			
Cash at bank and in hand		1,449	3,426



# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### Company information

Omega PLC (the "company") is a public company limited by shares and is incorporated, domiciled and registered in England. The registered office and principal place of business is Omega Boulevard, Capitol Park, Thorne, Doncaster, United Kingdom, DN8 5TX.

The company's principal activities and nature of its operations are set out in the Strategic Report on page 1.

The company's principal accounting policies, all of which have been applied consistently throughout the year are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

##### Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of UK-adopted International Accounting Standards

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which are outlined in the critical accounting estimates and judgements section of these accounting policies. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

##### Consolidation

The company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

##### New or amended Accounting Standards and Interpretations adopted

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

##### New Accounting Standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

##### Going concern

The directors of the parent undertaking, Cycene Investments Limited, have prepared group cash flow forecasts through to June 2024 which indicate that the group will have sufficient funds to meet its liabilities as they fall due for that period. In forming this view, the directors of Cycene Investments Limited considered currently available facilities and have received confirmation of financial support from the ultimate controlling party (where necessary) and they have concluded that the group can continue to operate within these facilities.

The directors of the company have received a letter of support from Cycene Investments Limited confirming that it will continue to provide financial support to the company for at least 12 months from the date of these financial statements. Therefore, the directors of the company are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### **Revenue**

The company recognises revenue as follows:

##### ***Revenue from contracts with customers***

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

##### ***Sale of goods***

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery or at the time of kitchen fitting.

##### ***Revenue from contracts with customers involving sale of goods***

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the later of the point of delivery of the goods to the customer or the completion of kitchen fitting, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access. The company deems the delivery and fitting of a kitchen to be a single performance obligation based on the nature of the promise to deliver a combined product to a customer.

##### **Intangible fixed assets**

##### ***Trademarks***

Acquired trademarks are carried at historical cost less amortisation.

Amortisation is provided on trademarks on a straight-line basis over the useful economic life of the asset, which is deemed to be 5 years.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### **Property, plant and equipment**

Property, plant and equipment, excluding freehold land and buildings, are stated at the cost of acquisition less any provision for depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of the items. Freehold land and buildings are initially stated at cost.

##### **Right-of-use assets**

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the company. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write off the valuation or cost, less estimated residual value, of each asset on a straight line basis from the date it is brought into productive use to the end of its expected useful life, as follows:

Leasehold land and buildings	Term of the lease
Plant and equipment	5-10 years
Office fittings and equipment	3-10 years
Right-of-use assets	On a straight-line basis over the lease term

Freehold land is not depreciated.

##### **Non-current investments**

Investments in subsidiaries are carried at cost less impairment.

##### **Impairment of non-current assets**

##### ***Property, plant and equipment and intangible assets with finite useful lives***

The carrying amounts of such assets are reviewed at the year-end for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of comprehensive income to its estimated recoverable amount.

Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of the asset. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset whose impairment is being measured.

##### **Inventories**

Inventories are stated at the lower of cost, on first in, first out basis and net realisable value.

Cost is the purchase cost, including transport, for raw materials, together with a proportion of manufacturing overheads based on normal levels of activity, for work in progress and finished goods.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### Financial instruments

##### Recognition of financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

##### Initial and subsequent measurement of financial assets

##### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the company with maturities of less than three months.

##### Trade, group and other receivables

Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

##### Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

##### Trade receivables

For trade receivables, expected credit losses are measured initially on an individual basis and then by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses").

The loss allowance on all financial assets is measured by considering the probability of default. Receivables are considered to be in default on an individual basis, based on various indicators, such as significant financial difficulty or expected bankruptcy.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in the statement of comprehensive income.

##### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### Initial and subsequent measurement of financial liabilities

###### Trade, group and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

###### Equity instruments

Equity instruments issued by the company are recorded at fair value on initial recognition net of transaction costs.

##### Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in the statement of comprehensive income. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in the statement of comprehensive income.

##### Taxation

###### Current income tax

The charge for current taxation is based upon the results for the year and takes into account tax deferred or accelerated because of timing differences between the treatment of certain items for accounting and tax purposes.

###### Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

###### Retirement benefits

The company provides pension benefits to its employees through defined contribution group personal pension policies, the assets of which are held independently from those of the company. The amounts charged to the statement of comprehensive income are the contributions payable in the period.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### Leases

###### Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the group is reasonably certain to exercise and termination periods that the group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate (such as those linked to LIBOR) and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

###### Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss. Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

When the lease liability is re-measured due to changes arising from the original terms and conditions of the lease, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

A lease modification, that was not part of the original terms and conditions of the lease is accounted for as a separate lease or an adjustment to the lease liability depending on the nature of the change.

##### Government grants

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Included within other operating income in 2021, shown in the statement of comprehensive income are amounts received from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS).

##### Foreign exchange

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

##### Interest income

Interest income is accounted for on a receivable basis.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2 Judgements 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.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

##### **Allowances against the carrying value of inventories**

The company reviews the market value of, and demand for, its inventories on a periodic basis to ensure that recorded inventory is stated at the lower of cost and net realisable value. In assessing the ultimate value of inventories, the company is required to make judgements as to the future demand requirements and to compare these with current inventory levels. Factors that could impact estimated demand and selling prices are the timing and success of product ranges. See note 14 for the carrying amount of inventories.

##### **Allowance for expected credit losses of trade receivables**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. See note 15 for the carrying amount of trade receivables and allowance for expected credit losses.

##### **Leases**

In determining the lease term, the company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events or changes in circumstances occur that are within the lessee's control.

When the interest rate implicit in the lease is not readily determinable, the company estimates the incremental borrowing rate based on its external borrowings secured against similar asset, adjusted for the term of the lease. The company applied rates based on either the borrowing rate of the overdraft facility or the long-term bank borrowing facility, depending on the term of the lease. For leases considered to be short-term, the rate of LIBOR+1.75% was applied and for those considered to be long-term the rate was LIBOR+2.5%.

For the carrying amount of right of use assets, see note 11 and for the carrying amount of the related current and non-current lease liabilities see notes 16 and 17 respectively.

#### 3 Revenue

All of the company's revenue arises from activities within the United Kingdom and are from the company's principal activity.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 4 Other operating expenses

	2022 £'000	2021 £'000
Selling and marketing expenses	6,075	4,870
Distribution costs	7,068	5,747
Administrative expenses	3,956	3,383
	<u>17,099</u>	<u>14,000</u>

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Production	144	143
Operations	153	136
Other	64	55
	<u>361</u>	<u>334</u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	13,180	10,935
Social security costs	1,372	1,119
Other pension costs	510	423
	<u>15,062</u>	<u>12,477</u>

Directors' remuneration of £966,000 (2021: £914,000) was paid during the year.

The remuneration of the highest paid director was £279,000 (2021: £254,000).

The company made no contributions to money purchase pension schemes for Directors in 2022 or 2021.



# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 6 Operating profit

	2022	2021
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Exchange gains	(795)	(219)
Government grants	(56)	(266)
Depreciation of property, plant and equipment	3,709	3,612
Amortisation of intangible assets	-	5
Cost of inventories recognised as an expense (included in cost of sales)	23,454	16,850
Impairment of inventories recognised	435	37
Repairs and maintenance expenditure on property, plant and equipment	582	455
Short-term lease expense	18	39
Staff costs (Note 5)	15,750	12,477

Included within operating profit is £nil (2021 - £210,000) received from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS) which was utilised by the company during the prior year as a result of the Covid-19 pandemic.

#### 7 Auditor's remuneration

	2022	2021
	£'000	£'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	56	51
<b>For other services</b>		
All other non-audit services	-	4

#### 8 Finance costs

	2022	2021
	£'000	£'000
<b>Other finance costs:</b>		
Interest on lease liabilities	839	851
	839	851

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 9 Taxation

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax on profits of the year	613	858
Adjustments in respect of prior periods	(464)	(17)
Total current tax	149	841
<b>Deferred tax</b>		
Origination and reversal of temporary differences	42	101
Remeasurement of deferred tax for change in UK tax rate	-	256
Adjustments in respect of prior periods	(39)	47
Total deferred tax	3	404
Total tax charge	152	1,245

The total tax charge for the year included in the statement of comprehensive income can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit before taxation	4,324	5,362
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	822	1,019
Expenses not deductible for tax purposes	33	36
Adjustments in respect of prior years	(464)	(17)
Effect of change in corporation tax rate	10	280
Research and development tax credit	(174)	(131)
Deferred tax adjustments in respect of prior years	(39)	47
Fixed asset differences	17	11
Super-deduction expenditure adjustments main pool - Trade	(53)	-
Taxation charge for the year	152	1,245

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 9 Taxation (continued)

##### Change in corporation tax rate

The Finance Act 2021 (enacted on 10 June 2021) included an increase to the main UK corporation tax rate to 25%, effective from 1 April 2023. Deferred income tax on the balance sheet at 31 December 2022 and 2021 was therefore measured at 19% or 25% depending on when the deferred income tax asset or liability is expected to reverse.

#### 10 Intangible assets

	Trademarks	Total
	£'000	£'000
<b>Cost</b>		
At 1 January 2021 and 1 January 2022	68	68
At 31 December 2022	68	68
<b>Amortisation and impairment</b>		
At 1 January 2021	63	63
Amortisation charged for the year	5	5
At 1 January 2022	68	68
Amortisation charged for the year	-	-
At 31 December 2022	68	68
<b>Carrying amount</b>		
At 1 January 2021	5	5
At 1 January 2022 & 31 December 2022	-	-

Amortisation has been charged entirely to other operating expenses.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11 Property, plant and equipment

	Leasehold land and buildings	Plant and equipment	Office fittings and equipment	Right-of- use assets	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2021	705	20,861	2,266	30,025	53,857
Additions	105	706	250	31	1,092
Disposals	-	(150)	(39)	-	(189)
At 1 January 2022	810	21,417	2,477	30,056	54,760
Additions	152	830	141	252	1,375
Disposals	-	(31)	-	-	(31)
At 31 December 2022	962	22,216	2,618	30,308	56,104
<b>Depreciation and impairment</b>					
At 1 January 2021	155	8,920	1,745	2,960	13,780
Charge for the year	61	1,832	294	1,425	3,612
Disposals	-	(150)	(39)	-	(189)
At 1 January 2022	216	10,602	2,000	4,385	17,203
Charge for the year	76	1,882	304	1,447	3,709
Disposals	-	(31)	-	-	(31)
At 31 December 2022	292	12,453	2,304	5,832	20,881
<b>Net book value</b>					
At 1 January 2021	550	11,941	521	27,065	40,077
At 1 January 2022	594	10,815	477	25,671	37,557
At 31 December 2022	670	9,763	314	24,476	35,223

The carrying amount of right-of-use assets included within property, plant and equipment, and the depreciation charged in respect of these assets, are detailed below:

	2022 £'000	2021 £'000
<b>Carrying amount</b>		
Land and buildings	24,170	25,404
Motor vehicles	306	267
Total carrying amount presented within property, plant and equipment	24,476	25,671

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11 Property, plant and equipment (continued)

	2022 £'000	2021 £'000
<b>Depreciation</b>		
Land and buildings	1,234	1,234
Motor vehicles	213	191
	<hr/>	<hr/>
Total depreciation charged within property, plant and equipment	1,447	1,425
	<hr/>	<hr/>

#### 12 Investments

	Notes	2022 £'000	2021 £'000
Investments in subsidiaries	13	4	4
		<hr/>	<hr/>

#### Movements in non-current investments

	Shares in group undertakings £'000
<b>Cost</b>	
At 1 January 2022 & 31 December 2022	4
<b>Net book value</b>	
At 1 January 2022 & 31 December 2022	4
	<hr/>

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 13 Subsidiaries

Investments are held in the following wholly owned subsidiary undertakings, which all have their registered addresses as Omega Boulevard, Capitol Park, Thorne, Doncaster, DN8 5TX.

Name of undertaking	Nature of business	Class of shares
Charles Rennie Mackintosh Limited	Dormant	Ordinary
Chippendale Kitchens Limited	Dormant	Ordinary
Frank Lloyd Wright Limited	Dormant	Ordinary
George Hepplewhite Limited	Dormant	Ordinary
Hepplewhite Kitchens Limited	Dormant	Ordinary
Kitchens UK Limited	Dormant	Ordinary
Sheraton Kitchens Limited	Dormant	Ordinary
Omega Kitchens Limited	Dormant	Ordinary
Thomas Hope Limited	Dormant	Ordinary
Thomas Sheraton Limited	Dormant	Ordinary
Select Kitchens Limited	Dormant	Ordinary
Omega Contracts Limited	Dormant	Ordinary
Select Bedrooms Limited	Dormant	Ordinary
Divine Kitchens Limited	Dormant	Ordinary
Thomas Chippendale Limited	Dormant	Ordinary

#### 14 Inventories

	2022 £'000	2021 £'000
Raw materials	5,505	6,117
Work in progress	981	846
Finished goods	2,900	3,388
	<u>9,386</u>	<u>10,351</u>

In the opinion of the directors, the replacement cost of inventories is not materially different from its book value.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 15 Trade and other receivables

	2022	2021
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	12,617	6,907
Amounts owed by group undertakings	58,839	53,456
Prepayments and accrued income	890	1,210
	<u>72,346</u>	<u>61,573</u>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due after more than one year:</b>		
Other loans	49	55
	<u>72,395</u>	<u>61,628</u>
<b>Total debtors</b>		

Impairment of trade debtors recognised in the statement of comprehensive income amounted to a debit of £49,000 (2021 - £218,000 credit).

There is no material difference between the carrying amount and the fair value of trade receivables. Trade and other receivables are non-interest bearing and all are denominated in Sterling. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The company does not hold any collateral as security.

All trade receivables have standard credit terms of 30 to 90 days from the invoice date.

The amount of credit-impaired trade receivables that are still subject to enforcement activities at the year-end was £44,000 (2021 - £38,000).

Amounts owed by group undertakings shown above are unsecured and repayable on demand. Notwithstanding this, the directors do not expect to demand repayment of these amounts within the next year.

The directors of the company have considered the provisions around impairment of inter-company indebtedness contained within IFRS 9 "Financial Instruments" and concluded that no provision for impairment be recognised as at 31 December 2022. This is due to the significant distributable reserves available and high level of control exerted over its operations by the ultimate parent company.

Other loans relate to director loans. Interest accrued on the loans was at the HMRC approved rate of interest. The loans are unsecured and are repayable in 2023 at the earliest.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 15 Trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate	Carrying amount	Allowances for expected credit losses
	2022 %	2022 £'000	2022 £'000
Specific provisions	100%	221	221
Not overdue	0%	-	-
0 to 3 months overdue	1.50%	7,063	106
Over 3 months overdue	15%	801	120
<b>Closing balance</b>		<b>8,085</b>	<b>447</b>

Movements in the allowance for expected credit losses are as follows:

	2022 £'000	2021 £'000
Opening balance	309	438
Additional provisions recognised	148	-
Receivables written off during the year as uncollectable	-	(4)
Unused amounts reversed	(10)	(125)
<b>Closing balance</b>	<b>447</b>	<b>309</b>



# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16 Current liabilities

	Notes	2022 £'000	2021 £'000
Trade payables		9,294	6,015
Corporation tax		751	1,184
Other taxation and social security		1,044	1,160
Government grants	22	317	373
Short term lease liabilities	18	1,180	961
Accruals		1,700	2,286
		<u>14,286</u>	<u>11,979</u>

#### 17 Non-current liabilities

	Notes	2022 £'000	2021 £'000
Long term lease liabilities	18	25,867	26,858
		<u>25,867</u>	<u>26,858</u>

#### 18 Lease liabilities

At the year end, the company had lease commitments of £nil (2021 - £nil) relating to short-term leases.

The total cash outflow for leases during the year was £1,611,000 (2021 - £1,305,000).

The maturity of year end leases is as follows:

	Land and buildings	Motor Vehicles	Total
2022	2022	2022	2022
£'000	£'000	£'000	£'000
Less than one year	1,016	164	1,180
Between one and five years	3,911	133	4,044
Over five years	21,823	-	21,823
Lease liability recognised as at 31 December 2022	<u>26,750</u>	<u>297</u>	<u>27,047</u>

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 18 Lease liabilities (continued)

	Land and buildings	Motor Vehicles	Total
2021	2021	2021	2021
£'000	£'000	£'000	£'000
2021			
Less than one year	809	152	961
Between one and five years	4,254	108	4,362
Over five years	22,496	-	22,496
Lease liability recognised as at 31 December 2021	27,559	260	27,819

#### 19 Provisions for liabilities

	Notes	2022 £'000	2021 £'000
Deferred income tax liabilities	20	1,169	1,166

#### 20 Deferred income tax

The major deferred income tax liabilities and assets recognised by the Company are:

Balances:	2022 £'000	2021 £'000
Accelerated capital allowances in excess of depreciation	1,179	1,186
Temporary differences	(10)	(20)
	1,169	1,166

#### The movement during the period was:

	2022 £'000
At 1 January 2022	1,166
Charge for the period	3
At 31 December 2022	1,169

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 21 Financial instruments

The company's financial instruments comprise cash and loans and various items, such as receivables and payables that arise from its operations.

The main financial risks arising from the company's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The company directors review and agree policies for managing each of these risks. It is the company's policy that no trading in financial instruments should be undertaken. The year end position reflects this policy and there have been no changes in the policy since 31 December 2022.

- **Liquidity risk:** Through cash flow forecasting, daily monitoring and regular reviews the company monitors working capital and capital expenditure requirements. Weekly debtor recovery meetings are held with board participation to ensure that cash flow from sales is maintained and any issues are understood and addressed promptly. Supplier payments are reviewed on a fortnightly basis, which ensures that the balance between continued supply and cash flow management is managed within existing arrangements. Liquidity risk is further managed by the agreement of shareholder loans and working capital facilities, when necessary. However, the company continues to benefit from excellent cash flows from its activities.
- **Interest rate risk:** The company finances its operations through a combination of shareholders' funds and loans. The company currently has no significant interest bearing assets or liabilities and therefore the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's financial assets comprise short-term receivables, cash in hand and other loans receivable at market related interest rates. Cash in hand is held in bank accounts at floating rates of interest. Given the nature of the company's financial assets and the level of both current and forecast interest rates, the exposure to any expected movement in interest rates and the related risk is not considered to be significant.
- **Foreign currency risk:** Approximately 50% of the company's purchases of raw materials are from Continental Europe. These purchases are mostly priced and invoiced in Euros. The company's policy is to reduce currency exposures on purchases, if appropriate, through the use of forward currency option contracts. There were no forward currency option contracts open at the year-end. Where forward contracts are not in place, then commitments in Euros are purchased at the spot rate prevailing when payments are made. Fluctuations in the Euro rate represent a significant risk for the business and therefore this is proactively managed each month, with a review of Euro rates and movements undertaken, together with a revaluation of the level of foreign currency exposure within stock, creditors and bank facilities. A separate Euro cash flow forecast is prepared and reviewed in line with overall liquidity risk, together with a fortnightly review of Euro supplier payments.

The table below shows the financial liabilities of the company that are denominated in Euros and may therefore give rise to exchange gains and losses in the statement of comprehensive income.

	2022 £'000	2021 £'000
Sterling equivalent	1,666	2,187

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 21 Financial instruments (continued)

- **Credit risk:** Potential customers are credit checked prior to an account being created for them and before any orders for product are accepted and processed. In some instances, accounts are only opened to allow the business to quote, without a commitment to subsequently providing credit facilities. All debts are closely controlled and monitored by management, with weekly debtor recovery meetings in place. Investments are only allowed in liquid securities and only with counterparties that have a sound credit rating. Transactions involving derivative financial instruments are entered into with counterparties with sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. At the year-end date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, as disclosed in note 15.

#### Capital risk management

The company classifies the capital that it manages as its total equity and net debt balances. The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Shareholders have remained consistent and have reinvested in the business, and therefore remain committed to the success of the business. The company can implement a range of measures to alter the capital structure including altering the dividends paid to shareholders and arranging appropriate banking facilities. However, the company continues to generate excellent cash flows from its activities and with the long term commitment of shareholders which remains in place, does not foresee capital risk as being significant.

#### 22 Government grants

Government grants include amounts from the Business Investment Fund and amounts received from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS).

#### 23 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	510	423

There are amounts outstanding at the year-end in respect of defined contribution schemes of £93,000 (2021 - £78,000), included within accruals.

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 24 Share capital

	2022 £'000	2021 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
50,000 A ordinary shares of £1 each	50	50
1,750 B ordinary shares of £1 each	2	2
	<u>52</u>	<u>52</u>

A ordinary and B ordinary shares rank pari passu. The holders of A and B ordinary shares are entitled to receive dividends as declared from time to time.

#### 25 Reserves

Reserves of the company represent the following:

##### *Retained earnings*

Cumulative profit and loss net of distribution to owners.

#### 26 Cash generated from operations

	2022 £'000	2021 £'000
Operating profit	5,163	6,213
<b>Adjusted for:</b>		
Amortisation of intangible assets	-	5
Depreciation of property, plant and equipment	3,709	3,612
Decrease / (increase) in inventories	965	(3,113)
Increase in trade and other receivables	(10,767)	(1,487)
Increase / (decrease) in trade and other payables	2,575	(2,573)
Release of government grants	(56)	(56)
<b>Cash generated from operations</b>	<u>1,589</u>	<u>2,601</u>

#### 27 Capital commitments

There were authorised unprovided capital commitments at 31 December 2022 of £166,000 (2021 – £521,000).

# OMEGA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### **28 Related party transactions**

During the year, payments amounting to £1,080,000 (2021 - £1,013,000) were made by the company on behalf of other group undertakings relating to the remuneration of the Executive and Non-Executive Directors, expenses and income tax.

Additionally, the company levied a management charge of £54,000 (2021 - £51,000) against the parent company, Cycene Investments Limited.

#### **29 Ultimate controlling party**

The company is a wholly owned subsidiary undertaking of Cycene Limited, a company registered in England and Wales.

Cycene Investments Limited is the parent undertaking of the smallest and largest group to consolidate these accounts in the EU. These accounts are available from its company secretary at Omega Boulevard, Capitol Park, Thorne, Doncaster, DN8 5TX.

The ultimate parent company and controlling party is Murray Investments Limited, a company registered in Jersey.