

COMPANY REGISTERED NUMBER: 02723962

UK PLUMBING SUPPLIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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UK PLUMBING SUPPLIES LIMITED

STRATEGIC REPORT

The Directors present the Strategic Report of the Company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the wholesale distribution of plumbing, heating and bathroom products. The results for the year ended 31 December 2022 and the financial position at the end of that financial year are set out on pages 14 and 15 respectively and the trading performance and financial position of the Company were satisfactory.

As part of a restructuring of its subsidiary businesses, on 1 January 2022, the entire trade and assets of Castlegate 788 Limited and its subsidiary Michael Pavis Limited were hived up into the Company (note 28). The subsidiary companies became dormant from that date.

During the year, the Company acquired the entire share capital of Plumbing Supplies Company Limited.

Company sales increased from £616m to £809m reflecting the hive-up of Michael Pavis Limited, a full year's trading of the Graham business and generally strong trading during the year as the Company responded to development opportunities that arose in its key markets. Although customer demand fluctuated during the year, the Company was able to compete strongly across different market segments including residential and commercial new build projects and the repair, maintenance and improvement (RMI) sector.

Company distribution costs increased from £127m to £168m reflecting the hive-up of Michael Pavis Limited, Graham operating costs and the Company's investment in local customer service operations. The Company worked closely with its customers and suppliers to ensure that demand for product in local markets was met with high levels of service and, where necessary, the Company adapted its operations to reflect the general economic situation.

Company operating profit increased from £19m to £44m due to the increase in sales, partially offset by higher distribution costs.

Company net assets increased from £27m to £53m reflecting the increased profit produced by the Company, partially offset by an increase in the merger reserve resulting from the restructuring of the subsidiary businesses.

Cash at bank and in hand increased from £8m to £9m.

UK PLUMBING SUPPLIES LIMITED

STRATEGIC REPORT (CONTINUED)

KEY PERFORMANCE INDICATORS

The Company's key operating parameters include turnover, operating profit and net assets. Financial performance is reviewed in many ways including overall margins, working capital efficiency and return on capital.

	2022	2021	Movement
	£000	£000	%
Turnover	809,397	616,156	31%
Operating profit before amortisation of intangible assets	54,714	30,025	82%
Operating profit	43,838	18,767	134%
Net assets	53,299	26,776	99%

STATEMENT ON SECTION 172 OF THE COMPANIES ACT 2006

The Board of Directors, in line with their duties under s172, act in a way they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole and for our other stakeholders. In doing so we have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor the impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its committees consider the potential impact of the Company's operations on the community and environment. The Board considers the likely consequences of decisions in the long term and promotes responsible business practices.

Illustrations of how s172 factors have been applied by the Board can be found in our Corporate Governance statement, along with details of how we engaged with our key stakeholder groups and considered their views.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operations expose it to some risks and uncertainties which the Directors believe could have an impact on the Company's financial performance. The principal risks and management's response to them are set out below.

Financial Risk Management Objectives and Policies

The Company's activities expose it to credit risk. Exposure to price risk, foreign exchange risk and liquidity risk are not material to the Company. The Company does not make use of financial derivatives.

Credit Risk

The Company provides credit terms to many of its customers and there is an associated risk that customers do not pay outstanding balances as they fall due. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any customer is subject to a limit, which is reviewed on an ongoing basis.

UK PLUMBING SUPPLIES LIMITED

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Information Technology

Information technology (IT) systems are important to the Company's operations. Loss of service of key IT systems could potentially affect the Company's ability to fulfil customer orders. IT risks are assessed by senior management with the appropriate expertise who ensure that action plans are in place.

Market Conditions and Competition

Demand for the Company's products is influenced by different market segments, for example the construction industry, and can therefore be subject to fluctuating demand in those markets. In addition, the Company is subject to competition from other distributors, retailers and manufacturers as well as businesses in adjacent markets. Both of these risks could potentially affect the Company's financial performance. To ensure these effects are understood, the Company's senior management continually review our markets and competitors and put in place measures to react commercially or operationally where necessary.

POST BALANCE SHEET EVENTS

On 31 March 2023 the Company acquired the entire share capital of Keystone Contracts (Bristol) Limited and on 28 April 2023 the Company acquired the entire share capital of AMS Plumbers Merchants Holdings Limited.

On 1 May 2023, as part of a restructuring exercise, the entire trade and assets of the Company's subsidiary Plumbing Supplies Company Limited were hived up into the Company. This subsidiary company became dormant from that date.

FUTURE DEVELOPMENT

Future objectives continue to be the organic growth of the Company's business through the continued focus on customer service and also the wider development of the business in the UK through carefully selected business combinations.

On behalf of the Board


D CHRISTIE
Director

Date: 26/09/2023

UK PLUMBING SUPPLIES LIMITED

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2022.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2022 are shown in the attached financial statements. The Directors do not propose the payment of a dividend (2021 - £Nil). The Directors recommend that the profit for the financial year of £26,605,000 (2021 – £9,165,000) be transferred to reserves.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

D Christie
A Falconer
A Hogg
G Love
D McNair
S Wimbledon
W Woof

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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.

UK PLUMBING SUPPLIES LIMITED

DIRECTORS' REPORT (CONTINUED)

EMPLOYEE COMMUNICATIONS

The Company continues to devote resources to the maintenance of good communication with employees at all levels. The Directors consider effective communication with the staff to be an integral part of good management.

EMPLOYMENT OF DISABLED PEOPLE

The policy of the Company is to ensure that disabled people are given equal opportunity with other candidates for recruitment, training and promotion in respect of jobs which can be carried out effectively by a disabled person. If employees become disabled during their period of employment every effort is made to provide suitable employment for them within the Company.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations are disclosed in note 5. The Company made no political donations during the year (2021 - £Nil).

PRINCIPAL RISKS AND UNCERTAINTIES AND FUTURE DEVELOPMENTS

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to set out in the Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of principal risks and uncertainties and future development.

GOING CONCERN

The Company meets its working capital requirements through its financial reserves, bank facilities and group funding facilities. The Company has an unconditional right to defer repayment of a group loan and this has been invoked as at 31 December 2022 (note 16). Management forecasts have been prepared for a 24 month period from 31 December 2022 and have been tested under different potential trading outcomes. The Company's annual forecasts show that the Company will be able to operate within the level of its current resources for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

DIRECTORS' AND OFFICERS' INDEMNITIES

The Company maintained throughout the year and to the date of approval of the financial statements liability insurance for its Directors and officers. This is a qualifying third-party provision for the purposes of the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Board has considered its governance and has determined to apply the Wates principles. Each year we review our practices against these principles and we will continue to monitor them in the light of future developments in this area.

UK PLUMBING SUPPLIES LIMITED

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Purpose and Leadership

Good governance is essential to the successful delivery of our strategy and the way in which our business operates on a day to day basis. The Board is committed to maintaining the highest standards across the Company for the benefit of all our stakeholders.

Our strategy is to provide the highest possible service to customers. We operate in multi-branch businesses with a high level of decentralisation backed up by strong controls and a reward structure that is based on local performance and individual contributions. The ability of our branch managers to determine all aspects of their businesses at a local level ensures they are strongly focused on providing the best service to their customers, supporting our key suppliers to get their products to market and employing, retaining and rewarding a high quality team.

As a decentralised business we try to take decisions as close to the customer as possible. However, the Board is strongly aware that it has ultimate responsibility for the actions that are taken. It reserves certain key decisions to the Board, such as senior appointments, funding of operations, acquisitions and appointment of auditors. Day to day operations are managed with the oversight of an operational management team comprising the Managing Director, Commercial Director and Finance Director, together with senior commercial and regional managers. Minutes of these meetings are provided to all Directors.

In addition to the day to day monitoring of operating performance, members of the Board meet with each branch manager once a year for a formal detailed review of the performance of their business and of their plans for the following year. This is supplemented by a mid-year review of progress to enable adjustments to be made in the light of market developments.

All members of the Board, together with the senior management team, actively promote our decentralised philosophy and seek to coach and help the branch managers and their teams to maximise their rewards by considering the consequences of their decisions in the long term. Our values of integrity, fairness, teamwork, hard work and personal responsibility support this and ensure we meet the needs of our customers and suppliers. These are supported by a commitment to the recruitment of high calibre staff and ongoing training and development at all levels.

We are committed to complying with all legal requirements and to operating to the highest ethical standards. All staff are made aware of our ethics policy and are expected to adhere to it.

Composition of the Board

Gordon Love is Chairman. He leads the Board and is responsible for its effectiveness. Angus Falconer is Managing Director, Douglas Christie is Finance Director and Steve Wimbledon is Commercial Director. The other Directors are Tony Hogg, Douglas McNair and Bill Woof. All the Directors have many years' experience with the Company and collectively have an appropriate combination of skills, backgrounds, experience and knowledge. In the event of new appointments to the Board, consideration will be given to the appropriate balance of expertise, diversity and objectivity.

Directors are encouraged to pursue appropriate professional development to assist them with performing their duties. The Chairman reviews the performance of the Board and individual Directors annually in consultation with the shareholders.

UK PLUMBING SUPPLIES LIMITED

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Directors' Responsibilities

The Company has clear policies and practices governing its internal affairs. These are set out in Standard Practice Instructions (SPIs) and other internal documents such as the Company Treasury Policy. The Directors are fully aware of their responsibilities as set out in our Section 172 statement.

All Directors receive copies of the monthly management accounts including individual branch performances. These are also provided to our shareholders.

If conflicts of interest arose, these would be discussed with the Chairman and appropriate processes would be put in place to manage them.

Opportunity and Risk

The long term success of the business depends on constantly striving to improve our performance through the review processes set out above and on maintaining the decentralised model and related reward structure. Where opportunities for opening new business locations arise these are approved through a capital expenditure approval process. Acquisitions are made after a thorough due diligence process by an experienced team supported by outside advisers as appropriate and with Board approval.

The Board monitors risks facing the business and identifies any that are emerging. It works with the operational management team to ensure that risks are appropriately managed and that there are clear responsibilities for this. Details of the major risks are set out elsewhere in these financial statements.

There is an active programme of internal audit which monitors compliance with our SPIs. The safety of our workforce and of visitors to our premises is of paramount importance. We have a programme of Health and Safety training and monitoring and constantly evaluate our procedures as a result. The SPIs also set out the requirements in relation to trading in an ethical manner and employee conduct to ensure business performance is underpinned by high standards and achieved in a sustainable manner.

Remuneration

The remuneration of the Chairman is determined by the shareholders. Other Directors' remuneration is set by the Chairman in consultation with the shareholders. Remuneration comprises basic salary, which is set in the context of industry norms, pension contributions or equivalent additional salary, company car or salary alternative, medical cover and an annual bonus. The annual bonus is discretionary and is allocated out of the total generated by the individual branch reward calculations. This ensures total alignment between the success of individual branches and the shareholders' interest in overall performance. There are no other elements of remuneration.

UK PLUMBING SUPPLIES LIMITED

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Stakeholder Relationships and Engagement

The principal stakeholders in the business are the shareholders, employees, customers and suppliers. Other stakeholders include pension scheme members, regulators, the Government and the communities in which we operate.

Members of the Board liaise regularly with our shareholders who receive monthly management accounts. The shareholders also regularly attend our annual review meetings with branch managers. Major business decisions are taken with regard to shareholder views in equal measure. In 2022 the acquisition of Plumbing Supplies Company Limited is an example of such major business decisions.

As a highly decentralised business with over 300 branches, we operate a cascade system of staff briefing through regional managers and branch managers to keep employees informed of matters that are of importance to them, including the financial performance of their business. These briefings are two way, with concerns passed upwards as necessary. There is a clearly stated whistleblower policy in place supported by a dedicated confidential hotline.

Our customers are key to the success of our business and our management and staff are encouraged to engage regularly with them. This ensures we are meeting the customers' needs and that they know the level of service we aim to provide. Key account managers and regional managers are responsible for the relationship with major customers. During the year meetings were held with major customers to discuss their ongoing service requirements. Key decisions made by the business during the year included setting pricing and credit levels appropriate to current market conditions.

We support our suppliers through our commercial programmes. We encourage suppliers to provide training in their products to our staff so that they can ensure customers are aware of suitable products. We have regular meetings with our key suppliers and during the year hosted events to improve engagement with our key suppliers' senior management. Key decisions made by the business included supplier selection within our main product categories. Whilst overall terms are agreed by our commercial teams, branch managers are encouraged to work with suppliers at a local level to obtain specific terms to support customer projects. We have a strict policy of ensuring that suppliers are paid promptly and to agreed terms.

Our group's pensions department has an active programme of communicating with scheme members to keep them informed on relevant matters and to help them as they develop their retirement plans.

We have policies to ensure compliance with laws and regulations and we communicate these requirements within the organisation as appropriate. We conduct our tax affairs in a way that ensures compliance with applicable laws and regulations and we maintain an open dialogue with the UK tax authorities. All taxes are paid as they fall due and we have support from our external advisers to help ensure we meet our obligations.

Our branches operate across the UK and we encourage our staff to play a full part in their local communities. We support a number of charities with a focus on charities in our local communities.

UK PLUMBING SUPPLIES LIMITED

DIRECTORS' REPORT (CONTINUED)

STAKEHOLDER ENGAGEMENT AND EMPLOYEE ENGAGEMENT STATEMENT

The Directors regularly engage with all stakeholders including employees, customers, suppliers and other business partners. This enables them to enhance market focus, improve decision making and promote the long term success of the Company more effectively. This includes:

- hosting customer and supplier events at local and regional level, including training for both customers and staff;
- regular engagement with major customers in support of our key account programme;
- regular meetings with major suppliers to ensure we are supporting their efforts to bring products to market at fair prices, with rigorous quality control and high levels of availability;
- regular contact with our bankers and professional advisers to discuss our strategy and performance;
- regular engagement with the trustees of our pension scheme to review funding levels and investment performance and to brief the trustees on our business performance and prospects;
- a cascade system of two-way briefings with employees on key matters affecting them through our regional and branch management structure, reflecting our decentralised multi-branch operations;
- an annual review with employees of their role in the business and how it contributes to the overall business performance;
- consulting managers and their employees on matters affecting their day to day welfare and future opportunities; and
- a reward structure that allows employees to share in the financial success of the Company.

STREAMLINED ENERGY AND CARBON REPORTING

Marlowe Holdings Limited manages and reports on the Streamlined Energy and Carbon Reporting requirements at a group level. These details are set out in the Directors' Report of the Marlowe Holdings Limited Annual Report and Financial Statements.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

RSM UK Audit LLP, the independent auditors, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditors.

On behalf of the Board



D CHRISTIE
Director

Date: 26 / 09 / 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UK PLUMBING SUPPLIES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of UK Plumbing Supplies Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UK PLUMBING SUPPLIES LIMITED (CONTINUED)

REPORTING ON 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
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UK PLUMBING SUPPLIES LIMITED (CONTINUED)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, 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:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UK PLUMBING SUPPLIES LIMITED (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls and 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 manual 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. We tested a sample of revenue transactions recognised either side of the reporting date to determine whether revenue was recorded in the correct period.

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.

RSM UK Audit LLP

Alastair John Richard Nuttall (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Ninth Floor, Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

Date: *26/09/23*

UK PLUMBING SUPPLIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
TURNOVER	4	809,397	616,156
Cost of sales		<u>(587,030)</u>	<u>(459,462)</u>
GROSS PROFIT		222,367	156,694
Distribution costs before goodwill amortisation		(167,653)	(126,669)
Goodwill amortisation	9	<u>(10,876)</u>	<u>(11,258)</u>
Total distribution costs		(178,529)	(137,927)
OPERATING PROFIT	5	43,838	18,767
Other interest receivable and similar income	6	141	6
Other interest payable and similar charges	7	<u>(7,271)</u>	<u>(4,264)</u>
PROFIT BEFORE TAXATION		36,708	14,509
Tax on profit	8	<u>(10,103)</u>	<u>(5,344)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>26,605</u>	<u>9,165</u>

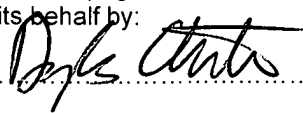
UK PLUMBING SUPPLIES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
FIXED ASSETS			
Intangible assets	9	57,049	54,660
Tangible assets	10	19,153	19,640
Investments	12	7,703	35,215
		<u>83,905</u>	<u>109,515</u>
CURRENT ASSETS			
Inventories	13	137,676	110,733
Debtors	14	111,585	111,862
Cash at bank and in hand		8,744	8,299
		<u>258,005</u>	<u>230,894</u>
CREDITORS - Amounts falling due within one year	15	<u>(88,780)</u>	<u>(115,254)</u>
NET CURRENT ASSETS		<u>169,225</u>	<u>115,640</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>253,130</u>	<u>225,155</u>
CREDITORS – Amounts falling due after more than one year	16	(184,656)	(181,109)
Provisions for liabilities	17	<u>(15,175)</u>	<u>(17,270)</u>
NET ASSETS		<u>53,299</u>	<u>26,776</u>
CAPITAL AND RESERVES			
Called up share capital	19	10	10
Share premium account		41,032	41,032
Merger reserve	20	(13,380)	(16,134)
Profit and loss account		25,637	1,868
TOTAL EQUITY		<u>53,299</u>	<u>26,776</u>

The notes on pages 17 to 33 form part of these financial statements.

The financial statements on pages 14 to 33 were approved by the Board of Directors on 26/09/2023 and were signed on its behalf by:

DIRECTOR  D CHRISTIE

Company registered number: 02723962

UK PLUMBING SUPPLIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Called up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2021		10	41,032	(12,509)	(4,466)	24,067
Merger reserve arising on subsidiary hive-up		-	-	(6,456)	-	(6,456)
Merger reserve amortisation in year		-	-	2,831	(2,831)	-
Profit for the financial year and total comprehensive income		-	-	-	9,165	9,165
At 31 December 2021		10	41,032	(16,134)	1,868	26,776
Merger reserve arising on subsidiary hive-up	20	-	-	(82)	-	(82)
Merger reserve amortisation in year	20	-	-	2,836	(2,836)	-
Profit for the financial year and total comprehensive income		-	-	-	26,605	26,605
At 31 December 2022		10	41,032	(13,380)	25,637	53,299

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1 COMPANY INFORMATION

The Company is a United Kingdom private company limited by shares and is registered in England. The address of its registered office is Quayside 2a Wilderspool Park, Greenalls Avenue, Stockton Heath, Cheshire, England, WA4 6HL. The Company's principal activities and nature of its operations are disclosed in the Strategic Report.

2 COMPLIANCE WITH ACCOUNTING STANDARDS

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and the Companies Act 2006.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of presentation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The financial statements are prepared in pound sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise stated.

Going concern

The Company meets its working capital requirements through its financial reserves, bank facilities and group funding facilities. The Company has an unconditional right to defer repayment of a group loan and this has been invoked as at 31 December 2022 (note 16). Management forecasts have been prepared for a 24 month period from 31 December 2022 and have been tested under different potential trading outcomes. The Company's annual forecasts show that the Company will be able to operate within the level of its current resources for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

i. Statement of cash flow

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 3.17(d) on the grounds that a consolidated cash flow statement is included in the financial statements of Marlowe Holdings Limited.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exemptions for qualifying entities under FRS 102 (continued)

ii. Exemption from preparing consolidated financial statements

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of Marlowe Holdings Limited.

iii. Financial instrument disclosures

The Company has taken advantage of the exemption from the financial instruments disclosures required under FRS 102 paragraphs 11.40 to 11.48A and paragraphs 12.26 and 12.29A, as the information is provided in the consolidated financial statement disclosures of Marlowe Holdings Limited.

iv. Key management personnel compensation

The Company has taken advantage of the exemption from disclosing the Company key management personnel compensation pursuant to FRS 102 paragraph 33.7A.

v. Related party disclosures

The Company has taken advantage of the exemption from disclosing the related party disclosures pursuant to FRS 102 paragraph 33.1A.

Revenue recognition

Turnover is recognised when goods are despatched to, or collected by, customers and represents the invoiced value of such goods sold and any services provided, net of settlement discounts allowed, rebates payable to customers and value added taxes.

Rebate income from suppliers

The Company has arrangements with suppliers whereby volume-related rebate income is received in connection with the purchase of goods for resale from those suppliers. The majority of rebate income relates to adjustments to the original purchase price of the product and is recognised as a credit within cost of sales.

Rebate income earned relating to inventories still held by the Company at the end of the financial year is included as a reduction to the cost of those inventories. Rebate income is only recognised in cost of sales once the inventory has been sold.

Amounts due from suppliers relating to rebate income are offset against amounts owed to those suppliers.

Pension costs

The Company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. The difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Annual profit sharing scheme

The Company operates an annual profit sharing scheme for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payment under the scheme as a result of past events and a reliable estimate of the obligation can be made. The difference between the expense recognised and payments made in the year are shown as accruals.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred tax assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Unrelieved tax losses and other deferred tax assets are only recognised when it is more likely than not they can be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and that are expected to apply to the reversal of the timing difference.

Goodwill

Goodwill represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life of 10 years, being the period during which the benefits are expected to accrue. Goodwill is assessed for impairment and if applicable the relevant amount is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual values over their estimated useful lives at the following rates:

Software	- 5 years
Customer Relationships	- 5 years from the purchase date of the subsidiary company

Tangible assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and any impairment losses. The purchase cost of tangible assets includes the invoiced amount, delivery and installation. Items costing £1,000 or less are written off to the profit and loss account in the year of purchase. Depreciation of assets is calculated in equal annual instalments by reference to original net cost and estimated economic life at the following rates:

Freehold and long leasehold properties	- over 50 years
Improvements to short leasehold properties	- over the lesser of the life of the lease and 5 years
Equipment, fixtures and fittings	- over 4 years
Motor vehicles	- over 4 years

Operating lease costs

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments

Investments are stated in the financial statements at cost less any provision required to reflect a diminution in value.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value, due allowance being made for obsolete and slow moving items. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cash and cash equivalent

Cash and cash equivalents includes cash in hand, bank deposits and bank overdrafts. Bank overdrafts are shown in current liabilities.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation: (i) as a result of past events; and (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount of the obligation can be reliably estimated.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at the transaction price, unless they constitute a financing arrangement. These financial assets are subsequently carried at amortised cost using the effective interest method. The amortised cost is the net of the amounts at initial recognition, less any repayments and reductions for impairment. Where the transaction is a financing arrangement, it is measured at the present value of the future receipts discounted at a market rate of interest.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Debt instruments are subsequently carried at amortised cost, using the effective interest method. The amortised cost is the net of the amounts at initial recognition, less any repayments of the principal. Where the transaction is a financing arrangement, it is measured at the present value of the future payments discounted at a market rate of interest.

Financial assets and liabilities that have no stated interest rate (and do not constitute a financing transaction) and are payable or receivable within one year, are initially measured at an undiscounted amount.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Reserves

The Company's reserves are as follows:

The called up share capital represents the nominal value of shares that have been issued. The shares have been classified as equity.

The share premium is the difference between the consideration received by the Company for issued share capital and the nominal value of those shares.

A merger reserve arises on the hive-up of the trade and assets of the Company's subsidiaries. On creation, it represents the difference between the value of the Company's investments in the subsidiaries prior to the hive-up and the amounts recognised as assets and liabilities in the Company's Balance Sheet post hive-up.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves (continued)

The Company has adopted a policy of impairing the merger reserve over a period commensurate with the goodwill amortisation relating to the original acquisition of the subsidiary businesses (10 years). The annual amortisation amount is transferred to profit and loss reserves.

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

Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will not always equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are addressed below:

i. Inventory provisioning

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions about anticipated saleability and usage.

ii. Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debts and historical experience.

iii. Intangible assets including goodwill

Intangible assets are amortised over the period which management estimate the economic benefit will be derived from the assets. The useful economic life of the Company's assets are determined by management at the time the asset is acquired and are reviewed annually.

The intangible assets including goodwill are reviewed annually for impairment. To assess if there is any impairment, estimates are made of the future cash flows expected to result from the use of these assets. The estimated cash flows are then adjusted to the present value using an appropriate discount rate.

iv. Property dilapidations

As part of the Company's property leasing arrangements there is often an obligation to repair damage which is incurred during the life of the lease. When calculating the dilapidations provision, management considers the condition of the property and makes estimates of the costs required to return leased properties to their required condition.

The Company has not made any significant critical judgements in the preparation of the financial statements.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 TURNOVER

The Directors consider there to be only one class of business. Turnover is entirely derived in the UK.

5 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following amounts:

	2022	2021
	£000	£000
Profit on disposal of tangible assets	(295)	(647)
Amortisation of intangible assets	10,876	11,258
Depreciation of tangible assets	6,481	5,517
Impairment of inventory	(637)	1,627
Impairment of trade debtors	255	570
Rentals and hire charges:		
- property	15,063	11,232
- vehicles	2,904	832
- hire of plant and machinery	414	368
Auditors' remuneration:		
- statutory audit of the Company	225	215
Charitable donations	39	3

6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£000	£000
Bank deposit interest receivable	141	2
Other interest receivable	-	4
	<u>141</u>	<u>6</u>

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 OTHER INTEREST PAYABLE AND SIMILAR CHARGES

	2022 £000	2021 £000
Interest payable to group undertakings	7,248	4,264
Other interest payable	<u>23</u>	<u>-</u>
	<u>7,271</u>	<u>4,264</u>

8 TAX ON PROFIT

8 (a) Taxation – Analysis of charge in the year

	2022 £000	2021 £000
Current tax:		
UK corporation tax on the profit for the year	10,415	5,862
Adjustment in respect of prior years	<u>(164)</u>	<u>(216)</u>
Total current tax charge for the year	<u>10,251</u>	<u>5,646</u>
Deferred tax:		
Origination and reversal of timing differences	(170)	(138)
Adjustment in respect of prior years	22	(50)
Effect of changes in tax rate	<u>-</u>	<u>(114)</u>
Total deferred tax credit for the year	<u>(148)</u>	<u>(302)</u>
Tax on profit	<u>10,103</u>	<u>5,344</u>

8 (b) Taxation – Reconciliation of tax charge

Tax assessed for the year is higher (2021 – higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021 – 19%). The differences are explained below:

	2022 £000	2020 £000
Profit before tax	<u>36,708</u>	<u>14,509</u>
Profit multiplied by the standard rate of tax in the UK of 19% (2021 – 19%)	6,975	2,757
Effects of:		
Expenses not deductible for tax purposes	3,270	2,967
Change in tax rate	-	(114)
Adjustments in respect of prior periods	<u>(142)</u>	<u>(266)</u>
Tax charge for the year	<u>10,103</u>	<u>5,344</u>

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TAX ON PROFIT (CONTINUED)

8 (c) Taxation – Factors that may affect future tax charges

In March 2021, a change in the UK corporation tax rate was announced to increase the main rate of corporation tax from 19% to 25% from April 2023. This change was substantively enacted in June 2021 and has therefore been reflected in these financial statements.

9 INTANGIBLE ASSETS

	Goodwill	Customer Relationships	Software	Total
	£000	£000	£000	£000
<u>Cost</u>				
At 1 January 2022	76,979	5,612	1,295	83,886
On hive-up of subsidiaries (note 28)	12,725	-	-	12,725
Additions	-	-	540	540
At 31 December 2022	89,704	5,612	1,835	97,151
<u>Accumulated amortisation</u>				
At 1 January 2022	23,503	5,514	209	29,226
Charge for the year	10,479	70	327	10,876
At 31 December 2022	33,982	5,584	536	40,102
<u>Net book amount</u>				
At 31 December 2022	55,722	28	1,299	57,049
At 31 December 2021	53,476	98	1,086	54,660

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 TANGIBLE ASSETS

	Freehold and Long Leasehold Properties	Improvements to Short Leasehold Properties	Equipment, Fixtures & Fittings	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2022	15,541	25,177	15,760	6,708	63,186
On hive-up of subsidiaries (note 28)	-	-	598	661	1,259
Transfers and adjustments	-	551	7	(27)	531
Additions	-	4,619	1,188	173	5,980
Disposals	(159)	(1,729)	(615)	(605)	(3,108)
At 31 December 2022	15,382	28,618	16,938	6,910	67,848
Accumulated depreciation					
At 1 January 2022	8,799	20,048	10,814	3,885	43,546
On hive-up of subsidiaries (note 28)	-	-	565	474	1,039
Transfers and adjustments	-	616	(59)	(51)	506
Charge for the year	141	2,870	2,123	1,347	6,481
Disposals	(15)	(1,700)	(607)	(555)	(2,877)
At 31 December 2022	8,925	21,834	12,836	5,100	48,695
Net book amount					
At 31 December 2022	6,457	6,784	4,102	1,810	19,153
At 31 December 2021	6,742	5,129	4,946	2,823	19,640

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 OPERATING LEASES

The future minimum commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£000	£000	£000	£000
Payable within one year	12,407	10,556	1,600	559
Payable between one and five years	27,959	24,278	2,033	464
Payable after five years	7,652	8,725	-	-
	<u>48,018</u>	<u>43,559</u>	<u>3,633</u>	<u>1,023</u>

12 INVESTMENTS

<u>Cost</u>	Investment in subsidiaries £000
At 1 January 2022	35,215
Additions	7,703
Disposals on hive up of subsidiaries (note 28)	(35,160)
Provision charged during the year	<u>(55)</u>
At 31 December 2022	<u>7,703</u>

In the opinion of the Directors the value of the investments in the subsidiaries is not less than the aggregate amount shown in the balance sheet.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

The Company owns directly or indirectly the entire issued share capital of the companies listed below:

<u>Subsidiary Name</u>	<u>Activity</u>
Bathroom Centre Limited	Dormant Company
Castlegate 788 Limited	Intermediate Holding Company
G B Willbond Limited	Intermediate Holding Company
Gallery Bathrooms Limited *	Dormant Company
Gas Centre Holdings Limited	Intermediate Holding Company
Gas Centre Limited *	Dormant Company
Heating Plumbing Supplies Group Limited	Intermediate Holding Company
Heating Plumbing Supplies Limited *	Dormant Company
Heating Studio Limited *	Dormant Company
Michael Pavis Limited*	Dormant Company
Millbrook Distribution and Spares Limited	Dormant Company
Plumbase Limited	Dormant Company
Plumbcity Limited	Dormant Company
Plumbclick Limited *	Dormant Company
Plumbclick.co.uk Limited *	Dormant Company
Plumbing and Heating Investments Limited	Dormant Company
Plumbing Supplies Company Limited	Wholesale distribution of plumbing and heating products
Plumbstop Limited	Dormant Company
Plumbstore (Plumbing + Heating Supplies) Limited	Dormant Company

* Shares held indirectly via a subsidiary company/intermediate holding company.

The registered office for all of the Company's subsidiaries is Quayside 2a Wilderspool Park, Greenalls Avenue, Stockton Heath, Cheshire, WA4 6HL, with the exception of Plumbstore (Plumbing + Heating Supplies) Limited which has a registered office of Suite 3, Unit 2, 11 Cambuslang Road, Cambuslang Investment Park, Glasgow, G32 8NB.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 INVENTORIES

	2022 £000	2021 £000
Goods for resale	<u>137,676</u>	<u>110,733</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Goods for resale are stated after provisions for impairment of £19,020,000 (2021 - £19,551,000).

14 DEBTORS

	2022 £000	2021 £000
Trade debtors	106,133	100,602
Other debtors	1,246	4,303
Corporation tax	1,019	2,974
Deferred tax asset (note 18)	915	767
Prepayments and accrued income	<u>2,272</u>	<u>3,216</u>
	<u>111,585</u>	<u>111,862</u>

Trade debtors are stated after provisions for impairment of £1,966,000 (2021 - £1,568,000).

15 CREDITORS – Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	49,084	75,649
Amounts owed to group undertakings	1,211	11,904
Other creditors	2,124	6,519
Taxation and social security	6,111	400
Accruals and deferred income	<u>30,250</u>	<u>20,782</u>
	<u>88,780</u>	<u>115,254</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 CREDITORS – Amounts falling due within more than one year

	2022 £000	2021 £000
Amounts owed to group undertakings	<u>184,656</u>	<u>181,109</u>
	<u>184,656</u>	<u>181,109</u>

Amounts owed to group undertakings includes a loan of £184,656,000 (2021 - £181,109,000) which is unsecured and bears interest at a rate of 2.25% per annum over the National Westminster Bank Plc base rate. There is an unconditional right to defer the repayment of the loan and this has been invoked as at 31 December 2022, deferring repayment until 1 January 2025.

17 PROVISIONS FOR LIABILITIES

	2022 £000	2021 £000
At 1 January	17,270	5,902
Profit and loss (credit)/charge	(1,414)	757
On hive-up of subsidiaries (note 28)	291	9,099
On trade and asset purchase	-	2,039
Utilised during the year	<u>(972)</u>	<u>(527)</u>
At 31 December	<u>15,175</u>	<u>17,270</u>

The provision relates to dilapidation costs arising on leased buildings. The provision is expected to be utilised between 2023 and 2037 as the leases expire.

18 DEFERRED TAX

The deferred tax asset movement is as follows:

	2022 £000	2021 £000
At 1 January	767	311
On hive-up of subsidiaries (note 28)	-	154
Credited to the profit and loss account	<u>148</u>	<u>302</u>
At 31 December	<u>915</u>	<u>767</u>

The deferred tax asset is comprised as follows:

	2022 £000	2021 £000
Accelerated capital allowances	795	633
Other short term timing differences	<u>120</u>	<u>134</u>
	<u>915</u>	<u>767</u>

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 CALLED UP SHARE CAPITAL

	2022 £000	2021 £000
<u>Allotted and fully paid</u>		
Equity:		
10,000 (2021 – 10,000) ordinary shares of £1 each	<u>10</u>	<u>10</u>

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

20 MERGER RESERVE

	2022 £000	2021 £000
At 1 January	(16,134)	(12,509)
On hive-up of subsidiaries (note 28)	(82)	(6,456)
Amortisation in the year	<u>2,836</u>	<u>2,831</u>
At 31 December	<u>(13,380)</u>	<u>(16,134)</u>

21 EMPLOYEES

	2022 £000	2021 £000
Staff costs (excluding charges from third parties):		
- wages and salaries	84,222	64,376
- social security costs	9,216	7,173
- other pension costs (note 22)	<u>6,375</u>	<u>4,603</u>
	<u>99,813</u>	<u>76,152</u>

The average number of persons employed (excluding those employed by third parties) by the Company during the year was:

	2022 No.	2021 No.
Selling, warehousing and distribution	1,853	1,612
Management and administration	<u>268</u>	<u>242</u>
	<u>2,121</u>	<u>1,854</u>

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 POST-EMPLOYMENT BENEFITS

Defined contribution pension scheme

The Company makes contributions to a defined contribution scheme covering its employees. The Company's pension cost for the defined contribution scheme for the year was £6,375,000 (2021 - £4,603,000). An amount of £478,000 (2021 - £451,000) is included in other creditors at the balance sheet date, representing contributions accrued but not paid until after the balance sheet date.

23 DIRECTORS' EMOLUMENTS

23 (a) Emoluments of the Directors of UK Plumbing Supplies Limited

	2022	2021
	£000	£000
Aggregate emoluments (including amounts paid to third parties)	1,984	2,199

23 (b) Particulars of emoluments

	2022	2021
	£000	£000
Emoluments of the highest paid Director, excluding pension contributions	586	544

Three Directors (2021 - three) accrued benefits under money purchase schemes. Company contributions to money purchase schemes in respect of these Directors were £83,000 (2021 - £93,000).

24. RELATED PARTY TRANSACTIONS

The Company rents property from a Director, Mr A Hogg and from a pension scheme he is a beneficiary of. The annual lease payments were £217,000 (2021 - £150,000).

The Company made purchases of approximately £90m (2021 - £74m) from companies connected to certain shareholders of the ultimate parent undertaking of which amounts payable of £19m (2021 - £14m) were still outstanding at the year end.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Marlowe Holdings Limited group.

25 PARENT UNDERTAKINGS

The ultimate parent undertaking is Blackfriars Corporation, an American company incorporated in the State of Delaware.

The immediate parent undertaking is Marlowe Holdings Investments Limited, which is a wholly owned subsidiary of Marlowe Holdings Limited, a company registered in England. Marlowe Holdings Limited is the smallest and largest group to consolidate the financial statements of UK Plumbing Supplies Limited and copies of the financial statements of Marlowe Holdings Limited may be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

UK PLUMBING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 POST BALANCE SHEET EVENTS

On 31 March 2023 the Company acquired the entire share capital of Keystone Contracts (Bristol) Limited and on 28 April 2023 the Company acquired the entire share capital of AMS Plumbers Merchants Holdings Limited.

On 1 May 2023, as part of a restructuring exercise, the entire trade and assets of Plumbing Supplies Company Limited were hived up into the Company. The subsidiary company became dormant from that date.

27 SUBSIDIARY AUDIT EXEMPTION

The Directors confirm that its subsidiary companies, Castlegate 788 Limited and Michael Pavis Limited, are entitled to audit exemption under section 479A of the Companies Act 2006 for the year ended 31 December 2022 and that the members have not required the Companies to obtain an audit of their financial statements for the financial year in question in accordance with section 476 of the Companies Act 2006.

Under section 479C of the Companies Act 2006, the parent company Marlowe Holdings Limited guarantees all the outstanding liabilities which the subsidiary companies as listed above are subject to as of the end of the year ending 31 December 2022. The guarantee is effective until all the outstanding liabilities have been satisfied in full.

28 BUSINESS COMBINATIONS

On 1 January 2022, the trade and assets of Castlegate 788 Limited and Michael Pavis Limited were transferred to the Company at market value amounting to £22,353,000.

The net assets transferred, fair value adjustments made and goodwill generated on hive-up were as follows:

	£000
Tangible assets	220
Investments	1
Stock	2,770
Trade and other receivables	18,190
Cash and bank	7,925
Trade and other payables and provisions for liabilities	(6,753)
Net assets acquired	22,353
Fair value adjustments	-
Fair value of net assets acquired	22,353
Goodwill arising on hive-up	12,725
Merger reserve arising on hive-up	82
Investment arising on hive-up	35,160