

Registered number: 03112680

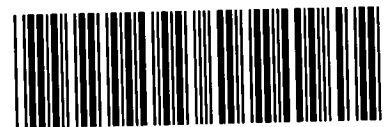
COMPANIES HOUSE

DENBY USA LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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DENBY USA LIMITED

COMPANY INFORMATION

Director Christopher Emmott

Company secretary Robert Barton

Registered number 03112680

Registered office Denby Pottery
Denby
Derbyshire
DE5 8NX

Independent auditor Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
1 Holly Street
Sheffield
South Yorkshire
S1 2GT

Bankers Bank of America
1229 Route 27
Somerset
NJ 08873
USA

Solicitors Wright Hassall LLP
Olympus Avenue
Leamington Spa
Warwickshire
CV34 6BF

DENBY USA LIMITED

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DENBY USA LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his report and the financial statements for the year ended 31 December 2018.

Principal activity

The Company's principal activity is the marketing and distribution of premium quality casual tableware in North America.

Results and dividends

The loss for the year, after taxation, amounted to £84,000 (2017: £367,000).

The director does not recommend a dividend for the year (2017: £Nil).

Director

The director who served during the year was:

Christopher Emmott

Director's responsibilities statement

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future Developments

In 2019 the Company will continue and extend the successful re-positioning the brand within key accounts supplemented as appropriate by non-conflicting tactical supply opportunities. The combination leaves the business well positioned for year on year growth.

DENBY USA LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditor

The director confirms that:

- so far as the director is aware; there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

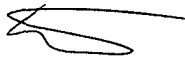
Auditor

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

Small companies note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the director on 25 June 2019 and signed on its behalf.



Christopher Emmott
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENBY USA LIMITED

Opinion

We have audited the financial statements of Denby USA Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENBY USA LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare a strategic report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENBY USA LIMITED (CONTINUED)

Responsibilities of the director

As explained more fully in the Director's responsibilities statement on page 1, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

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

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

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.



Donna Steel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
26 June 2019

DENBY USA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £000	2017 £000
Turnover	7,235	6,188
Cost of sales	(3,247)	(2,799)
Gross profit	3,988	3,389
Distribution costs	(4,066)	(3,706)
Operating loss	(78)	(317)
Interest payable and expenses	(73)	(50)
Loss before tax	(151)	(367)
Tax on loss	67	-
Loss for the financial year after tax	(84)	(367)
Other comprehensive income for the year		
Currency translation differences	(50)	81
Other comprehensive income for the year	(50)	81
Total comprehensive income for the year	(134)	(286)

The notes on pages 9 to 15 form part of these financial statements.

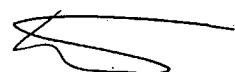
DENBY USA LIMITED
REGISTERED NUMBER:03112680

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	5	2	13
		<u>2</u>	<u>13</u>
Current assets			
Stocks	6	736	690
Debtors: amounts falling due within one year	7	1,919	1,652
Cash at bank and in hand	8	18	14
		<u>2,673</u>	<u>2,356</u>
Creditors: amounts falling due within one year	9	(3,987)	(3,547)
Net current liabilities		<u>(1,314)</u>	<u>(1,191)</u>
Total assets less current liabilities		<u>(1,312)</u>	<u>(1,178)</u>
Net liabilities		<u>(1,312)</u>	<u>(1,178)</u>
Capital and reserves			
Called up share capital	10	130	130
Profit and loss account	11	(1,442)	(1,308)
		<u>(1,312)</u>	<u>(1,178)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the director and were signed on its behalf on 25 June 2019.



Christopher Emmott
Director

The notes on pages 9 to 15 form part of these financial statements.

DENBY USA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	130	(1,022)	(892)
Comprehensive income for the year			
Loss for the year	-	(367)	(367)
Currency translation differences	-	81	81
Other comprehensive income for the year	-	81	81
Total comprehensive income for the year	-	(286)	(286)
At 1 January 2018	130	(1,308)	(1,178)
Comprehensive income for the year			
Loss for the year	-	(84)	(84)
Currency translation differences	-	(50)	(50)
Other comprehensive income for the year	-	(50)	(50)
Total comprehensive income for the year	-	(134)	(134)
At 31 December 2018	130	(1,442)	(1,312)

DENBY USA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Denby USA Limited is a private company limited by shares and incorporated in England & Wales. Registered number 03112680. The registered head office is located at Denby Pottery, Denby, Derbyshire, DE5 8NX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis as the Company's parent undertaking, Denby Holdings Limited, has agreed to provide financial support to the Company for at least twelve months from the date of approval of the accounts.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

DENBY USA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 10% - 33% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

DENBY USA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

2.9 Creditors

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

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional currency is USD. This differs from the presentational currency which is GBP. The reason for the difference is that the entity primarily operates in North America.

Transactions and balances

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

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

DENBY USA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year which they are incurred.

2.13 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

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

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions around the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The depreciation policy of tangible fixed assets - As described in note 2, the directors have assumed a useful economic life of each class of tangible asset. These assumptions are based on the director's experience and with reference to the standard practice of similar businesses.

4. Employees

The average monthly number of employees, including directors, during the year was 10 (2017: 10).

DENBY USA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Tangible fixed assets

	Fixtures & fittings £000
Cost or valuation	
At 1 January 2018	578
Exchange adjustments	37
At 31 December 2018	615
Depreciation	
At 1 January 2018	565
Charge for the year on owned assets	10
Exchange adjustments	38
At 31 December 2018	613
Net book value	
At 31 December 2018	2
At 31 December 2017	13

6. Stocks

	2018 £000	2017 £000
Finished goods and goods for resale	736	690

DENBY USA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Debtors

	2018 £000	2017 £000
Trade debtors	1,108	1,041
Amounts owed by group undertakings	793	597
Other debtors	8	6
Prepayments and accrued income	10	8
	<u>1,919</u>	<u>1,652</u>

8. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	<u>18</u>	<u>14</u>

9. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Other loans	1,414	1,548
Trade creditors	483	271
Amounts owed to group undertakings	2,076	1,694
Other creditors	14	34
	<u>3,987</u>	<u>3,547</u>

The other loans relates to stock and fixed asset financing, and is secured by a fixed and floating charge over the assets of subsidiary companies.

10. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
130,000 Ordinary shares of £1 each	<u>130</u>	<u>130</u>

DENBY USA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Reserves

Profit & loss account

Includes all current and prior year retained profits and losses.

12. Contingent liabilities

Guarantees on behalf of group undertakings give rise to a contingent liability to the extent of all monies and other liabilities which are due to the Company's asset finance providers. The maximum amount of contingency at the year end was £5,779,000 (2017: £6,180,000).

13. Capital commitments

The Company had no capital commitments at 31 December 2018 or 31 December 2017.

14. Controlling party

The parent undertaking of the Company is Denby Holdings Limited, a company registered in the UK. The ultimate controlling party of the Company is Hilco Trading, LLC, a company registered in the USA.

The smallest group of undertakings for which consolidated group accounts, which include the Company, have been drawn up is headed by Denby Holdings Limited, Denby, Derbyshire, DE5 8NX.