

REGISTERED NUMBER: 03765504 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2018
for
George East (Housewares) Limited

Hamiltons Group Limited
Chartered Certified Accountants
Statutory Auditors
Meriden House
6 Great Cornbow
Halesowen
West Midlands
B63 3AB



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for the Year Ended 31 December 2018

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George East (Housewares) Limited

Company Information
for the Year Ended 31 December 2018

DIRECTORS:

W B J Meijerink
W M W Poppelaars
N Squire

REGISTERED OFFICE:

1-5 Masterlord Industrial Estate
Station Road
Leiston
Suffolk
IP16 4JD

REGISTERED NUMBER:

03765504 (England and Wales)

AUDITORS:

Hamiltons Group Limited
Chartered Certified Accountants
Statutory Auditors
Meriden House
6 Great Cornbow
Halesowen
West Midlands
B63 3AB

Strategic Report
for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

Throughout 2018 we saw the effect of uncertainty of Brexit and the devaluation of sterling against our two principal currencies; the US\$ and €, which continues to put pressure on margins not always recoupable through increased prices to the customer.

We have succeeded in returning to profitability based on less favourable exchange rates than previous years.

The UK grocery sector continues to remain challenging, echoing the difficulties experienced by the major retailers along with increased competition in the supermarket sector, particularly from the European brands such as Aldi and Lidl. Non Food sales have also declined, as more space is assigned to food in the major supermarkets.

We have continued to introduce and develop group brands, with the major impact of this investment being realised in 2019.

We saw a positive change in the complexion of our customer base with reduced reliance on grocery retailers.

The business continues with a positive balance sheet position, and liquidity, allowing the business to be able to meet its current obligations as they fall due.

PRINCIPAL RISKS AND UNCERTAINTIES

Brexit

The ongoing uncertainty surrounding the unknown impact of Brexit specifically related to tariffs and import duties / restrictions, continues to be a risk to the business, and the business is continuing to monitor developments in this area in order to mitigate any potential risk and capitalise on any opportunity.

Reliance on key customers

Whilst the company engages with a wide range of customers, the company remains alert to the risk of reliance on key large customers and monitors this on an ongoing basis.

Foreign currency volatility

As much of our product is imported, we are vulnerable to significant currency fluctuations, and the company uses forward exchange contracts to minimise the risk.

KEY PERFORMANCE INDICATORS

The Directors consider the key performance indicators of the company to be:

- (i) EBITDA for the financial year was £313,597 versus a prior year loss of (£178,748), reflecting higher turnover and improved margins.
- (ii) A current ratio of 1.352 (2017: 1.351), being the ratio of current assets to current liabilities. Management consider this to be a positive indicator of the ability of the business to meet its short term obligations.

ON BEHALF OF THE BOARD:



N Squire - Director

25 February 2019

George East (Housewares) Limited (Registered number: 03765504)

Report of the Directors
for the Year Ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the importation, marketing and sale of household products.

DIVIDENDS

There were no dividends paid or proposed during the year (2017: £Nil).

FUTURE DEVELOPMENTS

The company continues to enhance its product range; with an increased focus on establishing select Nedac Sorbo Group brands in the UK market.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

W B J Meijerink
W M W Poppelaars
N Squire

FINANCIAL INSTRUMENTS

Objectives and policies

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, cash flow risk and foreign exchange risk (as referred to above). Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee board. The policies set by the board of directors are implemented by the Company's finance department.

Liquidity and cash flow risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of the business. The Company also has access to short-term inter-company financing when required.

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loans.

Credit risk

Investments of cash surpluses and borrowings are made through banks and institutions which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures and we utilise credit insurance to minimise any risk. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Foreign exchange risk

The Company is exposed to currency risk on purchases, sales and borrowings that are denominated in a currency other than the respective functional currency which is in pound sterling. The company's balance sheet is exposed to movement in GBP/US\$ and GBP/EUR. The company uses forward exchange contracts on their main purchases in US\$ to minimise the risk.

QUALIFYING THIRD-PARTY INDEMNITY PROVISION

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force throughout the financial year and to the date of signing for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of signing the financial statements.

Report of the Directors
for the Year Ended 31 December 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

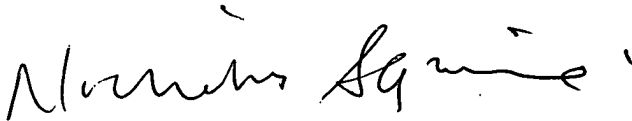
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each 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 auditors are aware of that information.

AUDITORS

The auditors, Hamiltons Group Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



N Squire - Director

25 February 2019

Report of the Independent Auditors to the Members of
George East (Housewares) Limited

Opinion

We have audited the financial statements of George East (Housewares) Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

We have nothing to report in respect of the following matters where 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.

Report of the Independent Auditors to the Members of
George East (Housewares) Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

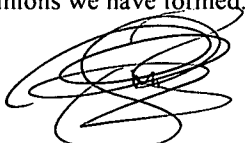
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.



Susan Bowdler FCCA (Senior Statutory Auditor)
for and on behalf of Hamiltons Group Limited
Chartered Certified Accountants
Statutory Auditors
Meriden House
6 Great Cornbow
Halesowen
West Midlands
B63 3AB

25 February 2019

George East (Housewares) Limited (Registered number: 03765504)

Statement of Comprehensive Income
for the Year Ended 31 December 2018

	Notes	2018 £	2017 £
REVENUE	3	16,312,311	15,778,126
Cost of sales		<u>(11,498,650)</u>	<u>(11,559,455)</u>
GROSS PROFIT		4,813,661	4,218,671
Distribution costs		(2,336,836)	(2,043,360)
Administrative expenses		<u>(2,419,471)</u>	<u>(2,890,257)</u>
		57,354	(714,946)
Interest receivable and similar income		<u>1,595</u>	<u>-</u>
		58,949	(714,946)
Interest payable and similar expenses	6	<u>27,440</u>	<u>(273,523)</u>
PROFIT/(LOSS) BEFORE TAXATION	7	86,389	(988,469)
Tax on profit/(loss)	8	<u>(40,547)</u>	<u>68,866</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		45,842	(919,603)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>45,842</u>	<u>(919,603)</u>

The above results are derived from continuing operations.

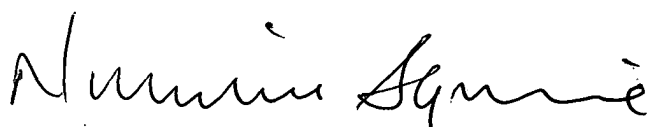
The company has no recognised gains and losses in the current or prior year other than those included in the profit and loss account above, and therefore no separate statement of comprehensive income has been presented.

The notes on pages 10 to 21 form part of these financial statements

Statement of Financial Position
31 December 2018

		2018		2017 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		149,315		179,180
Property, plant and equipment	11		1,850,636		2,032,096
Investments	12		-		101
			<u>1,999,951</u>		<u>2,211,377</u>
CURRENT ASSETS					
Inventories	13	3,884,071		3,679,640	
Debtors	14	3,035,027		2,930,878	
Cash at bank and in hand		<u>417,885</u>		<u>206,464</u>	
			7,336,983		6,816,982
CREDITORS					
Amounts falling due within one year	15	<u>5,428,071</u>		<u>5,044,588</u>	
NET CURRENT ASSETS			<u>1,908,912</u>		<u>1,772,394</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,908,863		3,983,771
CREDITORS					
Amounts falling due after more than one year	16		-		120,750
NET ASSETS			<u>3,908,863</u>		<u>3,863,021</u>
CAPITAL AND RESERVES					
Called up share capital	22		362,820		362,820
Share premium	23		1,529,064		1,529,064
Capital redemption reserve	23		55,000		55,000
Retained earnings	23		<u>1,961,979</u>		<u>1,916,137</u>
SHAREHOLDERS' FUNDS			<u>3,908,863</u>		<u>3,863,021</u>

The financial statements were approved by the Board of Directors on 25 February 2019 and were signed on its behalf by:



N Squire - Director

George East (Housewares) Limited (Registered number: 03765504)

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2017	344,679	2,835,740	1,474,278	55,000	4,709,697
Changes in equity					
Issue of share capital	18,141	-	54,786	-	72,927
Total comprehensive income	-	(919,603)	-	-	(919,603)
Balance at 31 December 2017	<u>362,820</u>	<u>1,916,137</u>	<u>1,529,064</u>	<u>55,000</u>	<u>3,863,021</u>
Changes in equity					
Total comprehensive income	-	45,842	-	-	45,842
Balance at 31 December 2018	<u>362,820</u>	<u>1,961,979</u>	<u>1,529,064</u>	<u>55,000</u>	<u>3,908,863</u>

The notes on pages 10 to 21 form part of these financial statements

George East (Housewares) Limited (Registered number: 03765504)

Notes to the Financial Statements
for the Year Ended 31 December 2018

1. STATUTORY INFORMATION

George East (Housewares) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in pound sterling, which is the functional currency of the business, and rounded to the nearest £.

Going concern

The financial statements have been prepared on a going concern basis due to the turnaround in the company trading activities resulting in a profit for the year as well as an improved Net Asset Value.

Furthermore the company has received confirmation from Nedac Sorbo B.V, the company's immediate parent company, that financial support will be provided for a period of six months from the date of approval of these financial statements such as to enable the company to meet its obligations as they fall due.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Consolidated financial statements

The company is a 95% owned subsidiary of Nedac Sorbo B.V. The ultimate parent company is H2 Trading B.V. It is included in the consolidated financial statements of H2 Trading B.V which are publicly available. The ultimate parent undertaking and largest group to consolidate these financial statements is H2 Trading B.V. The address of the parent's registered office is Oosteinde 19, Amsterdam, 1017WT, Netherlands. The smallest group to consolidate these financial statements is Nedac Sorbo B.V. The registered office of Nedac Sorbo B.V is Innovatie 1, NL-6921 RN Duiven.

These financial statements are the company's separate financial statements.

Significant judgements and estimates

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its own judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further below.

Critical accounting judgements and estimation uncertainty

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

George East (Housewares) Limited (Registered number: 03765504)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Critical accounting estimates and assumptions

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Turnover

Revenue is measured at the fair value of consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

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

The company buys and sells a range of household products in the wholesale market. Sales of goods are recognised on delivery to the wholesaler, when the wholesaler has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the wholesaler, the risks of obsolescence or loss have been transferred to the wholesaler, the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance has been satisfied.

Goods sold to wholesalers are often sold with volume rebates and also with the provision for the wholesale customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Volume rebates are assessment based on anticipated annual purchases. Accumulated experience is used to estimate and provide for the discounts and returns.

Sales are normally made with a credit term of 60 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue. Provision is made for credit notes based on expected levels of returns which is based on the historical experience of returns.

Goodwill

Goodwill arising on an acquisition of a business is carried out at cost less accumulated amortisation and impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the company's cash-generating units (or groups of cash-generating units) that is expected to benefit from synergies of the combination.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess of the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefited.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over the useful economic life of the brands concerned by the director as follows.

Goodwill - 10% straight line

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 25% on cost
Fixtures and fittings	- 16.7% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 10% - 33% on cost

Stocks

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Foreign currencies 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 at fair value are measured using the exchange rate when fair value was determined.

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

Foreign exchange gains and losses that relate to borrowings are presented in the profit and loss account.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

3. REVENUE

The revenue and profit (2017 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	2018 £	2017 £
United Kingdom	14,128,436	13,796,656
Europe	1,353,086	1,528,583
Rest of the world	830,789	452,887
	<u>16,312,311</u>	<u>15,778,126</u>

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	1,999,632	1,821,560
Social security costs	248,774	235,833
Other pension costs	97,434	90,882
	<u>2,345,840</u>	<u>2,148,275</u>

The average number of employees during the year was as follows:

	2018	2017
Distribution	29	33
Administration and support	35	39
Management	1	1
Other	2	3
	<u>67</u>	<u>76</u>

	2018 £	2017 £
Directors' remuneration	135,350	133,250
Directors' pension contributions to money purchase schemes	<u>17,406</u>	<u>17,250</u>

George East (Housewares) Limited (Registered number: 03765504)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

5. EXCEPTIONAL ITEMS

	2018	2017
	£	£
Amounts written off intercompany loans	<u>-</u>	<u>(310,322)</u>

In the prior year, exceptional items of £310,322 relate to the write off of the loan with group company ,Tala Housewares Inc. This company was dissolved on 28 September 2018.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	18,414	34,141
Asset based finance interest	107,336	66,572
(Gain) / loss on derivatives	<u>(153,190)</u>	<u>172,810</u>
	<u>(27,440)</u>	<u>273,523</u>

7. PROFIT/(LOSS) BEFORE TAXATION

The profit (2017 - loss) is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation - owned assets	221,815	331,123
Loss on disposal of fixed assets	4,666	-
Goodwill amortisation	29,865	29,863
Auditors' remuneration	15,500	33,000
Inventory recognised as an expense	11,506,735	11,527,009
Impairment of trade receivables	6,416	673
Impairments of amounts owed to group undertakings	-	310,322
Foreign exchange losses / (gains)	<u>(266,777)</u>	<u>(52,831)</u>

8. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	-	13,619
Deferred tax	<u>40,547</u>	<u>(82,485)</u>
Tax on profit/(loss)	<u>40,547</u>	<u>(68,866)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

8. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit/(loss) before tax	<u>86,389</u>	<u>(988,469)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	16,414	(190,280)
Effects of:		
Expenses not deductible for tax purposes	1,560	67,778
Depreciation in excess of capital allowances	40,375	6,616
Adjustments to tax charge in respect of previous periods	-	33,497
Re-measurement of deferred tax change in tax rate	<u>(17,802)</u>	<u>13,523</u>
Total tax charge/(credit)	<u>40,547</u>	<u>(68,866)</u>

9. PRIOR YEAR ADJUSTMENT

In the prior year there was a share issue of 18,141 ordinary B shares which was omitted from the accounts. Each share had a par value of £1.00, but £4.02 was paid generating a share premium of £54,786.

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2018 and 31 December 2018	<u>470,349</u>
AMORTISATION	
At 1 January 2018	291,169
Amortisation for year	<u>29,865</u>
At 31 December 2018	<u>321,034</u>
NET BOOK VALUE	
At 31 December 2018	<u>149,315</u>
At 31 December 2017	<u>179,180</u>

Goodwill relates to the purchase of Manicare and O Elliotts divisions, which were acquired to expand sales of these products. The useful economic life remaining on goodwill is 5 years with a carrying value of £52,005 and £97,310 respectively.

Amortisation expense for the current and prior year is included in administrative expenses.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2018	1,883,957	108,446	489,898
Additions	4,195	-	14,950
Disposals	-	-	(5,388)
At 31 December 2018	<u>1,888,152</u>	<u>108,446</u>	<u>499,460</u>
DEPRECIATION			
At 1 January 2018	408,323	87,149	419,558
Charge for year	37,741	7,619	17,291
Eliminated on disposal	-	-	(823)
At 31 December 2018	<u>446,064</u>	<u>94,768</u>	<u>436,026</u>
NET BOOK VALUE			
At 31 December 2018	<u>1,442,088</u>	<u>13,678</u>	<u>63,434</u>
At 31 December 2017	<u>1,475,634</u>	<u>21,297</u>	<u>70,340</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2018	18,125	802,933	3,303,359
Additions	-	25,775	44,920
Disposals	-	(9,081)	(14,469)
At 31 December 2018	<u>18,125</u>	<u>819,627</u>	<u>3,333,810</u>
DEPRECIATION			
At 1 January 2018	18,125	338,108	1,271,263
Charge for year	-	159,164	221,815
Eliminated on disposal	-	(9,081)	(9,904)
At 31 December 2018	<u>18,125</u>	<u>488,191</u>	<u>1,483,174</u>
NET BOOK VALUE			
At 31 December 2018	<u>-</u>	<u>331,436</u>	<u>1,850,636</u>
At 31 December 2017	<u>-</u>	<u>464,825</u>	<u>2,032,096</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

12. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2018	101
Disposals	<u>(101)</u>
At 31 December 2018	<u>-</u>
NET BOOK VALUE	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>101</u>

13. INVENTORIES

	2018 £	2017 £
Finished goods	<u>3,884,071</u>	<u>3,679,640</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	2,620,976	2,328,040
Amounts owed by group undertakings	-	140,958
Other debtors	18,951	8,750
Forward exchange contracts	109,182	-
Directors' accounts	38,058	36,463
Tax	25,724	25,724
Deferred tax asset	39,468	80,015
Prepayments	<u>182,668</u>	<u>310,928</u>
	<u>3,035,027</u>	<u>2,930,878</u>

Amounts owed by group undertakings do not bear interest and are repayable on demand.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017 as restated
	£	£
Bank loans and overdrafts (see note 17)	-	194,870
Trade creditors	2,260,573	1,805,512
Amounts owed to group undertakings	-	32,991
Social security and other taxes	277,177	320,014
Other creditors	-	682,390
Forward exchange contracts	-	44,008
Amounts due to invoice discounter	2,267,626	1,305,264
Accruals and deferred income	622,695	659,539
	<u>5,428,071</u>	<u>5,044,588</u>

Amounts owed to group undertakings do not bear interest and are repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Bank loans (see note 17)	<u>-</u>	<u>120,750</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	125,870
Bank loans	<u>-</u>	<u>69,000</u>
	<u>-</u>	<u>194,870</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>120,750</u>

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	305,186	350,792
Between one and five years	215,146	639,576
In more than five years	<u>155,164</u>	<u>1,228</u>
	<u>675,496</u>	<u>991,596</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

18. LEASING AGREEMENTS - continued

The amount of non-cancellable operating lease payments recognised as an expense during the year was £314,619 (2017 : £219,766)

19. SECURED DEBTS

On 12 June 2018 a charge over the freehold property was made in favour of Deutsche Bank AG was lodged with Companies House.

20. FINANCIAL INSTRUMENTS

Financial (liabilities) / assets at fair value through profit and loss

	2018	2017
	£	£
Forward exchange contracts	<u>109,182</u>	<u>(44,008)</u>

	Note	2018	2017
		£	£
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	14	2,620,976	2,328,040
Amounts owed by group undertakings	14	-	140,958
Other debtors	14	<u>18,951</u>	<u>8,750</u>
		<u>2,639,927</u>	<u>2,477,748</u>

Financial liabilities measured at amortised cost:

	Note	2018	2017
		£	£
Bank loans and overdrafts	15	-	315,620
Trade creditors	15	2,260,573	1,805,512
Other creditors	15	-	682,390
Amounts owed to group undertakings	15	<u>-</u>	<u>-</u>
		<u>2,260,573</u>	<u>2,803,522</u>

Derivative financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 31 December 2018, the outstanding contracts all matured within 10 months (2017: 11 months) of the year end. The company is committed to buy US \$2,867,760 (2017: \$2,100,000) and pay a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD.

The fair value is £109,182 asset - (2017 - £44,008 liability) and the change in value included in profit or loss is £153,190 gain (2017; £172,810 loss).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

21. DEFERRED TAX

	£
Balance at 1 January 2018	(80,015)
Provided during year	<u>40,547</u>
Balance at 31 December 2018	<u>(39,468)</u>

A deferred tax asset has arisen as a result of a provision for accelerated capital allowances £71,076 offset by a deferred tax asset on losses carried forward of £110,544.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017 as restated
			£	£
344,679	Ordinary	1	344,679	344,679
18,141	Ordinary B	1	<u>18,141</u>	<u>18,141</u>
			<u>362,820</u>	<u>362,820</u>

Rights, preferences and restrictions

Ordinary shares and Ordinary B shares have the following rights, preferences and restrictions:

The holders of Ordinary shares and Ordinary B shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All Ordinary shares and Ordinary B shares rank equally with regard to the company's residual assets.

23. RESERVES

	Retained earnings	Share premium (as restated)	Capital redemption reserve	Totals
	£	£	£	£
At 1 January 2018	1,916,137	1,529,064	55,000	3,500,201
Profit for the year	<u>45,842</u>	<u> </u>	<u> </u>	<u>45,842</u>
At 31 December 2018	<u>1,961,979</u>	<u>1,529,064</u>	<u>55,000</u>	<u>3,546,043</u>

24. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £97,434 (2017: £90,882).

25. CONTINGENT LIABILITIES

The company has given a guarantee of £75,000 (2017: £80,000) to HM Revenue & Customs.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2018 and 31 December 2017:

	2018	2017
	£	£
N Squire		
Balance outstanding at start of year	36,463	-
Amounts advanced	1,595	36,463
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>38,058</u>	<u>36,463</u>

27. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

	2018	2017
	£	as restated £
Sales	180,161	351,358
Purchases	248,648	107,004
Amount due from related party	-	140,958
Amount due to related party	<u>-</u>	<u>32,991</u>

28. ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Nedac Sorbo B.V. incorporated in the Netherlands.

The ultimate parent is H2 Trading B.V. incorporated in the Netherlands.

The registered trading address of H2 Trading B.V is Oosteinde 19, Amsterdam, 1017WT, Netherlands.

The financial statements of the group are available upon request from the Dutch Registrar on payment of the appropriate fee.

The ultimate control party is not any individual party.