

Registration number: 04421711

# RAK Ceramics UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



# **RAK Ceramics UK Limited**

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## **RAK Ceramics UK Limited**

### **Company Information**

<b>Directors</b>	A Biggs G Rabahie A Massaad
<b>Registered office</b>	Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ
<b>Auditors</b>	Roffe Swayne Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ

## **RAK Ceramics UK Limited**

### **Strategic Report for the Year Ended 31 December 2020**

The directors present their report for the year ended 31 December 2020.

#### **Fair review of the business**

We are pleased to report an increase in sales in 2020 of 24%. The negative impact of the Covid-19 lockdown in the second quarter of 2020 is estimated to have reduced overall sales by 8%. However, we experienced a strong bounce in demand in the second half of the year.

We continued to expand the range of bathroom related products such as vanity units, taps, shower trays and shower valves and sustained our focus on growth in drop ship business, primarily with E-Commerce customers.

All necessary steps have been taken to ensure that the workplace is Covid-19 secure and that all interactions with suppliers and customers are undertaken safely by adhering to government advice and best practice.

Distribution to customers has been achieved using the most effective mix of our own vehicles and preferred third party couriers.

We continue to invest in the contracts and housebuilder markets and whilst 2019 did not provide the increases we had hoped for we remain optimistic about our prospects in this sector.

During the year we upgraded our ERP system to the latest operating version and continue to improve this to maximise operational efficiencies.

## RAK Ceramics UK Limited

### Strategic Report for the Year Ended 31 December 2020

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Total sales (decline) / growth in the year	%	20	12
Gross margin	%	36	41
Profit/(loss) before tax	£	56,000	17,000
Debtor days	Days	67	57

#### Principal risks and uncertainties

The risks and uncertainties that the Board considers to be of most significance to our planned strategy are as follows;

Reputational damage or loss of confidence in the brand. We mitigate this by ensuring that all the products we ship are of high quality and perform the tasks for which the customer requires us to.

Sanitaryware and tile products are affected by changes in consumer tastes, brand relevance and consumer spending power. We place a strong focus on new product development to ensure that our range offering is technically up to date and reflects the latest innovations in design and fashion.

The RAK factory in the UAE may not have the capacity to produce sufficient volumes of sanitaryware and tiles to feed our continuing expansion. This is kept under regular review with UAE management and staff as is the geopolitical situation in the Middle East.

A sustained reduction in economic activity due to the UK's inability to contain and control the spread of the Covid-19 virus is a possibility. We monitor key business metrics to enable us to react as early as possible should such a situation develop.

Data protection, security and IT systems and infrastructure is a risk. Significant failure in the IT processes or inappropriate security and safeguards could lead to a loss of data and an inability to process sales. We use third parties to regularly monitor and maintain the integrity of our IT systems and infrastructure. All our desktops and laptops are protected with anti-virus and anti-malware software.

There is a risk that we are unable to attract, retain and motivate staff of the calibre we require. We invest time and money in training our staff and pay competitive salaries and well-structured bonuses to encourage our employees to excel.

Ensuring the company has appropriate internal controls, policies and practices. The company reviews these on a regular basis.

An over-reliance on 2 or 3 suppliers for the large majority of our product supplies. We have strong relationships with both of our major suppliers and there are regular reviews and meetings to minimise any risk to the supply chain.

## RAK Ceramics UK Limited

### Strategic Report for the Year Ended 31 December 2020

#### Financial instruments

##### *Objectives and policies*

The Company's financial risk management objectives consist of identifying and monitoring those risks which have an adverse impact on the value of the Company's financial assets and liabilities, reported profitability or the cash flows of the Company.

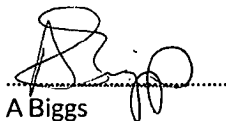
The Company's principal financial liabilities comprise intercompany loans and finance leases. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Company has not entered into any derivative transactions and the Company's policy is that no trading in derivatives shall be undertaken.

The Company's main treasury risks relate to the availability of funds to meet its future requirements and fluctuations in interest rates. The treasury policy of the Company is determined and monitored by the Board. The Company monitors its cash resources through short, medium and long-term cash forecasting, against available facilities. Surplus short term cash is pooled into an interest bearing account with the Company's bankers.

The main risks arising from the Company's financial instruments are credit risk, price risk, liquidity risk and cash flow interest rate risk.

The Company reviews and agrees policies for managing each of these risks.

Approved by the Board on .....25/01/21..... and signed on its behalf by:

  
A Biggs  
Director

## RAK Ceramics UK Limited

### Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

#### Directors of the company

The directors, who held office during the year, were as follows:

A Biggs

R Morrish (resigned 5 June 2020)

G Rabahie (appointed 5 June 2020)

A Massaad

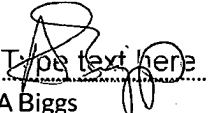
#### Principal activity

The principal activity of the company is that of the sale of sanitaryware, tiles and other bathroom goods.

#### Disclosure of information to the auditors

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 25/01/21 and signed on its behalf by:

  
Type text here  
A Biggs  
Director

## **RAK Ceramics UK Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- 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 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.



## **RAK Ceramics UK Limited**

### **Independent Auditor's Report to the Members of RAK Ceramics UK Limited**

#### **Opinion**

We have audited the financial statements of RAK Ceramics UK Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's 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 original financial statements were authorised for issue.

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

#### **Other information**

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

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

## **RAK Ceramics UK Limited**

### **Independent Auditor's Report to the Members of RAK Ceramics UK Limited**

We have nothing to report in this regard.

#### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## RAK Ceramics UK Limited

### Independent Auditor's Report to the Members of RAK Ceramics UK Limited

Based on our understanding of the company and industry, we identified that the principal risk of non-compliance with laws and regulations related to breaches of health and safety and employee laws and regulations. We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on those that had a direct effect on material figures and disclosures in the financial statements, the main regulations considered in this context included the UK Companies Act 2006, and tax legislation.

We evaluated the incentives and opportunities for fraud in the financial statements, including, but not limited to, the risk of override of controls, and designed procedures in response to these risks as follows;

- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias, and;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

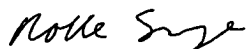
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the risk of not detecting a material misstatement due to fraud is higher than one resulting from error as fraudulent misstatements may involve deliberate concealment.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.



.....  
Anthony Kelly BSc FCA (Senior Statutory Auditor)  
For and on behalf of Roffe Swayne,  
Statutory Auditor and Chartered Accountants  
Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

Date: 29/1/21 .....

# RAK Ceramics UK Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	17,241,355	14,320,063
Cost of sales		<u>(11,524,680)</u>	<u>(8,479,829)</u>
Gross profit		5,716,675	5,840,234
Administrative expenses		(5,725,361)	(5,706,409)
Other operating income	4	<u>159,818</u>	<u>-</u>
Operating profit		<u>151,132</u>	<u>133,825</u>
Interest receivable and similar income		452	100
Interest payable and similar expenses		<u>(95,649)</u>	<u>(117,117)</u>
		<u>(95,197)</u>	<u>(117,017)</u>
Profit before tax		55,935	16,808
Tax on profit	8	<u>(41,604)</u>	<u>(5,253)</u>
Profit for the year		<u>14,331</u>	<u>11,555</u>
Total comprehensive income for the year		<u>14,331</u>	<u>11,555</u>

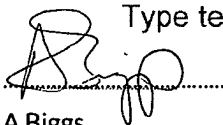
The above results were derived from continuing operations.

The notes on pages 13 to 24 form an integral part of these financial statements.

**RAK Ceramics UK Limited**  
**(Registration number: 04421711)**  
**Balance Sheet as at 31 December 2020**

	Note	31 December 2020 £	31 December 2019 £
<b>Fixed assets</b>			
Tangible assets	9	207,704	272,545
Right of use assets	10	1,810,041	2,268,784
Investments	11	<u>2,524,399</u>	<u>2,524,399</u>
		<u>4,542,144</u>	<u>5,065,728</u>
<b>Current assets</b>			
Stocks	12	5,321,194	3,333,862
Debtors	13	4,765,640	3,278,432
Cash at bank and in hand		<u>1,090,185</u>	<u>583,788</u>
		11,177,019	7,196,082
<b>Creditors: Amounts falling due within one year</b>	14	<u>(11,400,662)</u>	<u>(7,417,801)</u>
<b>Net current liabilities</b>		<u>(223,643)</u>	<u>(221,719)</u>
<b>Total assets less current liabilities</b>		4,318,501	4,844,009
<b>Creditors: Amounts falling due after more than one year</b>	15	(1,216,065)	(1,755,904)
<b>Provisions for liabilities</b>	8	<u>(24,649)</u>	<u>(24,649)</u>
<b>Net assets</b>		<u>3,077,787</u>	<u>3,063,456</u>
<b>Capital and reserves</b>			
Called up share capital	16	2,600,200	2,600,200
Profit and loss account		<u>477,587</u>	<u>463,256</u>
<b>Shareholders' funds</b>		<u>3,077,787</u>	<u>3,063,456</u>

Approved by the Board on 25/01/21 and signed on its behalf by:

Type text here  
  
A Biggs  
Director

# RAK Ceramics UK Limited

## Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Retained earnings £	Total £
At 1 January 2019	2,600,200	482,194	3,082,394
Profit for the year	-	11,555	11,555
Total comprehensive income	-	11,555	11,555
Transfer of preference share capital to liabilities	-	(30,493)	(30,493)
At 31 December 2019	2,600,200	463,256	3,063,456
	Share capital £	Retained earnings £	Total £
At 1 January 2020	2,600,200	463,256	3,063,456
Profit for the year	-	14,331	14,331
Total comprehensive income	-	14,331	14,331
At 31 December 2020	2,600,200	477,587	3,077,787

The notes on pages 13 to 24 form an integral part of these financial statements.

# **RAK Ceramics UK Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

The principal place of business is:

Bradford House  
Frenchmans Road  
Petersfield  
Hampshire  
GU32 3AW

### **2 Accounting policies**

#### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

#### **Summary of disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.

Please see note 20 for information regarding the ultimate parent company.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The Directors confirm that they have received assurances from Ras Al Khaimah Ceramics PJSC that repayments due to them will not be sought beyond the levels that are sustainable within the company's projected cash flows.

We have paid particular attention to the likely effects on the business of the current Covid-19 outbreak and the directors remain confident that sufficient funding is in place and that the company has adequate resources to enable the company to continue as a going concern for the foreseeable future.

The notes on pages 13 to 24 form an integral part of these financial statements.

## **RAK Ceramics UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable and comprises the invoiced value of wholesale sales plus commissions earned, net of value added tax and rebates. Revenue is recognised when the entity satisfies its performance obligations. The performance obligation is satisfied at the point of dispatch from the warehouse.

#### **Exemption from preparing group accounts**

The financial statements contain information about RAK Ceramics UK Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Ras Al Khaimah Ceramics PJSC, a company incorporated in the United Arab Emirates.

#### **Stock**

Stock comprises finished goods and goods for resale and is stated at the lower of cost and fair value. Fair value represents estimated selling price less costs to complete and sell. Cost is determined on a first in first out basis and includes the original purchase price and any costs attributable to bringing the stock to its present location and condition.

The company considers each stock line on an individual basis to determine whether a provision is required.

#### **Tax**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all material timing differences at the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Foreign currency transactions and balances**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### **Employee benefit costs**

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

Other short-term employee benefits, including holiday pay and non-monetary benefits, are recognised as an expense in the profit and loss account when the service is received.

The notes on pages 13 to 24 form an integral part of these financial statements.



## RAK Ceramics UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### **Debtors**

Short term debtors are measured at transaction value less any impairment.

At each balance sheet date, debtors are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is measured as the difference between the carrying amount and the amount expected to be received.

#### **Creditors**

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

#### **Investments**

Investments in subsidiary undertakings are stated at cost less provision for diminution in value.

#### **Leases**

##### *Definition*

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to obtain substantially all the economic benefits from the use of the underlying asset, and direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used).

##### *Initial recognition and measurement*

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease incentives received.

##### *Subsequent measurement*

After the commencement date, the company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability, and is included in finance cost in the income statement.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

## RAK Ceramics UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Depreciation and residual values

Tangible fixed assets are depreciated on a straight line basis to their estimated residual values over their estimated useful lives as follows:

Asset class	Depreciation method and rate
Short leasehold	over the term of the lease
Fixtures and fittings	15% on cost
Motor vehicles	25% on cost
Computer equipment	33% on cost

#### Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment loss. Cost includes the original purchase price and any costs attributable to bringing the asset to its working condition for its intended use.

Residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.

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

#### Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

##### - Depreciation and residual values

The annual depreciation charge is sensitive to changes in the estimated useful lives and residual values of assets. The useful lives and residual values are re-assessed annually and amended where necessary.

##### - Operating lease commitments

The company has entered into commercial property leases as a lessee and it also obtains use of motor vehicles. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

##### - Stock provisions

Stocks have been valued on the basis described in the accounting policy. The company has considered each stock line on an individual basis to determine whether a provision is required.

The notes on pages 13 to 24 form an integral part of these financial statements.

## RAK Ceramics UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 3 Turnover

The analysis of the company's turnover for the year by class of business is as follows:

	2020 £	2019 £
Sanitaryware	10,905,140	9,006,146
Tiles	2,330,264	2,292,552
Commission	516,992	638,326
Bathroom furniture	<u>3,488,959</u>	<u>2,383,039</u>
	<u>17,241,355</u>	<u>14,320,063</u>

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £	2019 £
Government grants	114,090	-
Miscellaneous other operating income	<u>45,728</u>	<u>-</u>
	<u>159,818</u>	<u>-</u>

#### 5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £	2019 £
Wages and salaries	2,518,191	2,458,736
Social security costs	273,254	241,169
Other pension costs	<u>100,480</u>	<u>83,575</u>
	<u>2,891,925</u>	<u>2,783,480</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Production	20	36
Administration and support	32	28
Sales	8	7
Distribution	<u>21</u>	<u>5</u>
	<u>81</u>	<u>76</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

# RAK Ceramics UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	289,141	282,918
Contributions paid to money purchase schemes	<u>11,401</u>	<u>16,043</u>
	<u>300,542</u>	<u>298,961</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2020 £	2019 £
Remuneration	169,863	177,571
Company contributions to money purchase pension schemes	<u>7,968</u>	<u>7,567</u>

### 7 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>21,500</u>	<u>21,100</u>

### 8 Income tax

Tax charged/(credited) in the profit and loss account

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	25,000	(16,608)
UK corporation tax adjustment to prior periods	<u>16,604</u>	<u>(2,788)</u>
	41,604	(19,396)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>-</u>	<u>24,649</u>
Tax expense in the profit and loss account	<u>41,604</u>	<u>5,253</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

## RAK Ceramics UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>55,935</u>	<u>16,808</u>
Corporation tax at standard rate	10,628	3,194
Increase (decrease) in current tax from adjustment for prior periods	16,604	(2,788)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	14,372	123,282
Tax decrease from utilisation of tax losses	-	16,608
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	-	(793)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>(134,250)</u>
Total tax charge	<u>41,604</u>	<u>5,253</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

# RAK Ceramics UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 9 Tangible assets

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	759,716	17,983	49,038	208,070	1,034,807
Additions	38,350	-	-	-	38,350
Disposals	-	-	(17,695)	-	(17,695)
At 31 December 2020	<u>798,066</u>	<u>17,983</u>	<u>31,343</u>	<u>208,070</u>	<u>1,055,462</u>
<b>Depreciation</b>					
At 1 January 2020	555,996	9,983	49,038	147,245	762,262
Charge for the year	55,333	4,800	-	43,058	103,191
Eliminated on disposal	-	-	(17,695)	-	(17,695)
At 31 December 2020	<u>611,329</u>	<u>14,783</u>	<u>31,343</u>	<u>190,303</u>	<u>847,758</u>
<b>Carrying amount</b>					
At 31 December 2020	<u>186,737</u>	<u>3,200</u>	<u>-</u>	<u>17,767</u>	<u>207,704</u>
At 31 December 2019	<u>203,720</u>	<u>8,000</u>	<u>-</u>	<u>60,825</u>	<u>272,545</u>

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	31 December 2020 £	31 December 2019 £
Short leasehold	101,181	90,179
Fixtures & fittings	<u>3,200</u>	<u>8,000</u>
	<u>104,381</u>	<u>98,179</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

# RAK Ceramics UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 10 Right of use assets

	Right of use assets £	Total £
<b>Cost or valuation</b>		
At 1 January 2020	2,886,824	2,886,824
Additions	228,666	228,666
Disposals	(6,246)	(6,246)
At 31 December 2020	<u>3,109,244</u>	<u>3,109,244</u>
<b>Depreciation</b>		
At 1 January 2020	618,040	618,040
Charge for the year	683,585	683,585
Eliminated on disposal	(2,422)	(2,422)
At 31 December 2020	<u>1,299,203</u>	<u>1,299,203</u>
<b>Carrying amount</b>		
At 31 December 2020	<u>1,810,041</u>	<u>1,810,041</u>
At 31 December 2019	<u>2,268,784</u>	<u>2,268,784</u>

### 11 Investments

<b>Subsidiaries</b>	£
<b>Cost or valuation</b>	
At 1 January 2020	<u>2,524,399</u>
At 31 December 2020	<u>2,524,399</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>2,524,399</u>

Details of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held 2020	2019
RAK Ceramics Distribution Europe SRL	Sale of sanitaryware, tiles and other bathroom goods	Italy	Ordinary Shares	100%	100%

The notes on pages 13 to 24 form an integral part of these financial statements.

# **RAK Ceramics UK Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **12 Stock**

	<b>31 December 2020 £</b>	<b>31 December 2019 £</b>
Finished goods and goods for resale	<u>5,321,194</u>	<u>3,333,862</u>

### **13 Trade and other debtors**

	<b>31 December 2020 £</b>	<b>31 December 2019 £</b>
Trade debtors	4,456,713	2,725,018
Prepayments	308,360	517,414
Other debtors	<u>567</u>	<u>36,000</u>
Total current trade and other debtors	<u>4,765,640</u>	<u>3,278,432</u>

### **14 Trade and other creditors**

	<b>31 December 2020 £</b>	<b>31 December 2019 £</b>
Trade creditors	8,762,514	6,040,298
Accrued expenses	1,577,091	410,785
Social security and other taxes	292,873	72,790
Operating lease liabilities	709,339	629,227
Other creditors	-	214,050
Hire purchase	<u>58,845</u>	<u>50,651</u>
	<u>11,400,662</u>	<u>7,417,801</u>

### **15 Trade and other creditors due after more than 1 year**

	<b>31 December 2020 £</b>	<b>31 December 2019 £</b>
Operating lease liabilities	1,183,085	1,696,505
Hire purchase contracts	<u>32,980</u>	<u>59,399</u>
	<u>1,216,065</u>	<u>1,755,904</u>

The notes on pages 13 to 24 form an integral part of these financial statements.



# RAK Ceramics UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 16 Share capital

#### Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No.	£	No.	£
Ordinary shares of £1 each	2,600,198	2,600,198	2,600,198	2,600,198
Ordinary 'B' shares of £1 each	1	1	1	1
Ordinary 'C' shares of £1 each	1	1	1	1
	<u>2,600,200</u>	<u>2,600,200</u>	<u>2,600,200</u>	<u>2,600,200</u>

### 17 Loans and borrowings

The following secured debts are included within creditors:

	31 December 2020 £	31 December 2019 £
<b>Current loans and borrowings</b>		
Hire purchase contracts	<u>58,845</u>	<u>50,651</u>
	31 December 2020 £	31 December 2019 £
<b>Non-current loans and borrowings</b>		
Hire purchase contracts	<u>32,980</u>	<u>59,399</u>

Hire purchase contracts are secured against the assets to which they relate.

The notes on pages 13 to 24 form an integral part of these financial statements.

## RAK Ceramics UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 18 Obligations under leases and hire purchase contracts

##### Finance leases

	Minimum lease payments £	Interest £	Present value £
<b>2020</b>			
Within one year	<u>106,257</u>	<u>(14,432)</u>	<u>91,825</u>
	Minimum lease payments £	Interest £	Present value £
<b>2019</b>			
Within one year	<u>127,420</u>	<u>(17,370)</u>	<u>110,050</u>

#### 19 Commitments

##### Pension commitments

The company operates a defined contribution pension scheme. The total pension cost during the year was £100,480 (2019: £83,575). At the year end £Nil (2019: £15,586) was payable into the pension scheme, and is included in Other Creditors.

#### 20 Ultimate controlling party

The company's immediate parent is Ras Al Khaimah Ceramics PJSC.

The most senior parent entity producing publicly available financial statements is Ras Al Khaimah Ceramics PJSC. Their financial statements are available upon request from P.O. Box 4714, Al Jazeerah Al Hamra City, Ras Al Khaimah, United Arab Emirates. The company is listed on the Abu Dhabi Securities Exchange, UAE.

The ultimate controlling party is Ras Al Khaimah Ceramics PJSC, a company incorporated in the United Arab Emirates.