

# **Gradus Group Holdings Limited**

Annual report and consolidated financial  
statements

Registered number 05982856

Year ended 31 December 2022

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## **Contents**

Company Information	1
Strategic Report	2
Directors' Report	4
Statement of directors' responsibilities in respect of the financial statements	6
Independent Auditors' report	7
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Company Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes	17

## **Company Information**

### **Directors**

S A Watt  
E J M Phelippeau  
P D M Puech  
P M Lienhard  
P D D Convers  
D Smith

### **Company Secretary**

D Smith

### **Registered Office**

3<sup>rd</sup> Floor  
1 Ashley Road  
Altrincham  
WA14 2DT  
United Kingdom

### **Auditor**

Mazars LLP  
Two Chamberlain Square  
Birmingham  
B3 3AX

### **Accountants**

RSM UK Tax and Accounting Limited  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

### **Bankers**

Bank of Scotland  
PO Box 1000  
Edinburgh  
BX2 1LB

### **Company Number**

05982856

## Strategic Report

### Business review

The company's principal activity is of a holding company for a subsidiary whose principal activities are to manufacture and promote a portfolio of products and services for the contract interiors market serving the education, healthcare and commercial sectors, together with an interest in leisure, retail estate and some housing. The company supplies the contracts markets in both the UK and international markets.

### Overview

The 31 December 2022 year end concluded with sales of £27.4 million (2021: £26.5 million). Operating profit for the financial year was £3.6million (2021: £4.5 million) which is considered by the directors to be a good result considering the impact of rising fuel and raw material price increases.

### Principal risks and uncertainties

The current economic environment may increase the risk that parties with whom the company trades are unable to meet their commitments. The directors have credit risk policies in place and monitor the credit risk on an ongoing basis to reduce this exposure.

### Results and dividends

The profit after tax for the year amounted to £2.4 million (2021: £3.2 million).

The directors do not recommend the payment of a dividend (2021: £nil).

### Key performance indicators

The management of the business have a very strong KPI ethos and attention to working capital ratios, manpower hours and overheads have become second nature to a business with a solid track record of flexing business investment to reflect market conditions. This will continue. The key performance indicators used by the business are:

	2022 £'000	2021 £'000
Turnover	27,369	26,527
Gross profit	12,474	13,486
Operating (loss)/profit	3,611	4,510

### Future developments

The company's principal activities are expected to remain the same for the forthcoming financial period and there are no future developments

## Strategic Report (continued)

### Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006


The board of directors of Gradus Group Holdings Limited consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act).

Our employees are fundamental to the success of the company. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. We hold regular briefing meetings for our employees throughout the year.

Building and maintaining positive working partnerships with our customers and suppliers is fundamental to the success of our business. We aim to develop these partnerships through good communication and building relationships.

As the board of directors our intentions is to behave responsibly and ensure that management operate the business in a responsible manner. We hold frequent review meetings with the senior management team, and collectively agree on annual budgets and longer-term business plans.

By order of the Board

  
Steve Watt (May 31, 2023 08:18 GMT+1)

**S A Watt**  
Director

Date: May 31, 2023

## Directors' Report

The directors present their Directors' Report and Financial Statements for Gradus Group Holdings Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2022.

These are the first published financial statements of the group, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom.

### Principal activities

The principal activity of the Company is that of a holding company.

The principal activities of the Company's subsidiaries during the year are to manufacture and promote a portfolio of products and services for the contract interiors market serving the education, healthcare and commercial sectors, together with an interest in leisure, retail estate and some housing. The subsidiary supplies the contracts markets in both the UK and international markets.

### Business Review

The profit after tax for the year amounted to £2.4m (2021: £3.2m).

### Proposed dividend

The directors do not recommend the payment of a dividend (2021: £Nil).

### Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the directors have considered the financial position of the Company, its cash and liquidity position together with its forecasts and projections that take into account reasonably possible changes in trading performance. The going concern basis of accounting has therefore continued to be adopted in preparing the financial statements.

### Effect of the withdrawal of the United Kingdom from the European Union

We have considered the potential impact of Brexit on the Company and whilst there may be significant effects for the wider economy which could in turn effect the Company's performance, we have not identified any specific risk that is material enough to require further disclosure here.

### Directors

The directors who held office during the period were as follows:

S A Watt  
E J M Phelippeau  
P D M Puech  
P M Lienhard  
P D D Convers  
D Smith

## **Directors' Report (continued)**

### **Employees**

The Group informs and consults regularly with employees on matters affecting their interests with a view to achieving a common awareness of the financial and economic factors affecting its performance. The views expressed by employees have been taken into account when making decisions where appropriate.

The Group is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. It recognises its responsibilities towards the disabled and gives full and fair consideration to applications for employment from them and, so far as particular disabilities permit, will give continued employment to any existing employee who becomes disabled. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Qualifying third party indemnity provisions**

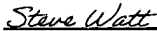
Appropriate directors' and officers' liability insurance cover is in place in respect of all the Group's directors.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

### **Auditor**

The auditor, Mazars LLP, has indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the annual general meeting.

  
Steve Watt (May 31, 2023 08:18 GMT+1)

**S A Watt**  
Director

Date: May 31, 2023

## Statement of directors' responsibilities in respect of the financial statements

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


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards and applicable law. 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether UK-adopted International Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements ;
- provide additional disclosures when compliance with specific requirements in UK-adopted International Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 group and company's and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board:

  
Steve Watt (May 31, 2023 08:18 GMT+1)

**S A Watt**  
*Director*

Date: May 31, 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRADUS GROUP  
HOLDINGS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Opinion**

We have audited the financial statements of Gradus Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows 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 UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; 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 group and the parent 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 group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

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

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRADUS GROUP HOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

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

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

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent 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 group or the parent 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRADUS GROUP  
HOLDINGS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant accounting estimate, revenue recognition (which we pinpointed to the cut off, and significant one-off or unusual transactions).

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit 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.

*Ian Holder*

**Ian Holder** (Senior Statutory Auditor) for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Two Chamberlain Square  
Birmingham  
B3 3AX  
Date: May 31, 2023

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £	2021 £
<b>Turnover</b>	2	27,369,466	26,527,189
Cost of sales		(14,895,170)	(13,041,269)
<b>Gross profit</b>		<b>12,474,296</b>	13,485,920
Distribution expenses		(5,168,594)	(5,337,398)
Administrative expenses		(3,695,105)	(4,108,269)
Other operating income		-	469,932
<b>Operating profit</b>	3	<b>3,610,597</b>	4,510,186
Finance costs	6	(565,402)	(681,302)
<b>Profit before Tax</b>		<b>3,045,195</b>	3,828,884
Taxation	7	(658,754)	(677,045)
<b>Profit after taxation</b>		<b>2,386,441</b>	3,151,839

The results shown above are derived entirely from continuing operations. The notes on pages 17 to 41 form part of these financial statements.

## Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 £	2021 £
<b>Non-current assets</b>			
Intangible assets	8	20,216,921	20,221,257
Property, plant and equipment	9	16,886,522	18,070,357
		<u>37,103,443</u>	<u>38,291,614</u>
<b>Current assets</b>			
Inventory	11	2,263,513	1,841,525
Trade and other receivables	12	14,805,286	13,992,415
Cash and cash equivalents		1,049,231	757,465
		<u>18,118,030</u>	<u>16,591,405</u>
Trade and other payables	13	(6,565,821)	(7,384,483)
Tax payable	13	(728,571)	(1,203,304)
Lease liabilities	14	(1,365,714)	(1,131,515)
		<u>(8,660,106)</u>	<u>(9,719,302)</u>
<b>Net current assets</b>		<u>9,457,924</u>	<u>6,872,103</u>
<b>Total assets less current liabilities</b>		<u>46,561,367</u>	<u>45,163,717</u>
<b>Non-current liabilities</b>			
Lease liabilities	14	(14,373,054)	(15,450,765)
Provisions for liabilities	15	(137,985)	(49,065)
		<u>(14,511,039)</u>	<u>(15,499,830)</u>
<b>Net Assets</b>		<u>32,050,328</u>	<u>29,663,887</u>
<b>Share capital</b>	16	843,090	843,090
<b>Share premium account</b>		23,453,505	23,453,505
<b>Retained earnings</b>		7,753,733	5,367,292
<b>Total equity</b>		<u>32,050,328</u>	<u>29,663,887</u>

These financial statements were approved by the board of directors on May 31, 2023 and were signed on its behalf by:

Steve Watt  
Steve Watt (May 31, 2023 08:18 GMT+1)  
**S A Watt**  
Director  
Registered number: 05982856

The notes on pages 17 to 41 form part of these financial statements.

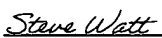
**Company Statement of Financial Position**  
**at 31 December 2022**

	<i>Note</i>	<b>2022</b> £	<b>2021</b> £
<b>Non-current assets</b>			
Property, plant and equipment	9	793,774	821,174
Investments in subsidiaries	10	43,905,437	43,905,437
		<b>44,699,211</b>	<b>44,726,611</b>
<b>Current assets</b>			
Trade and other receivables	12	-	760,000
Cash and cash equivalents		36,615	26,490
		<b>36,615</b>	<b>786,490</b>
<b>Total assets</b>		<b>44,735,826</b>	<b>45,513,101</b>
<b>Current liabilities</b>			
Trade and other payables	13	(54,236,931)	(54,986,928)
		<b>(54,236,931)</b>	<b>(54,986,928)</b>
<b>Net liabilities</b>		<b>(9,501,105)</b>	<b>(9,473,827)</b>
<b>Equity</b>			
Share capital	16	843,090	843,090
Share premium account		23,453,505	23,453,505
Retained earnings		(33,797,700)	(33,770,422)
<b>Total equity</b>		<b>(9,501,105)</b>	<b>(9,473,827)</b>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

No Statement of Comprehensive Income is presented Gradus Group Holdings Limited as permitted by section 408 of the Companies Act 2006. The parent company's loss for the year period ending 31 December 2022 was £27,278 (2021: profit of £327,170).

These financial statements were approved by the board of directors on May 31, 2023 and were signed on its behalf by:

  
Steve Watt (May 31, 2023 08:18 GMT+1)  
**S A Watt**  
Director

Registered number: 05982856

The notes on pages 17 to 41 form part of these financial statements.

## Consolidated Statement of Changes in Equity

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 January 2021	843,090	23,453,505	2,215,453	26,512,048
Profit for the year	-	-	3,151,839	3,151,839
Total comprehensive income for the year	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>843,090</b>	<b>23,453,505</b>	<b>5,367,292</b>	<b>29,663,887</b>
Balance at 1 January 2022	843,090	23,453,505	5,367,292	29,663,887
Profit for the year	-	-	2,386,441	2,386,441
Total comprehensive income for the year	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>843,090</b>	<b>23,453,505</b>	<b>7,753,733</b>	<b>32,050,328</b>

The notes on pages 17 to 41 form part of these financial statements.

## Company Statement of Changes in Equity

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 January 2021	843,090	23,453,505	(34,097,592)	(9,800,997)
Profit for the year	-	-	327,170	327,170
Total comprehensive income for the year	-	-	327,170	327,170
<b>Balance at 31 December 2021</b>	<b>843,090</b>	<b>23,453,505</b>	<b>(33,770,422)</b>	<b>(9,473,827)</b>
Balance at 1 January 2022	843,090	23,453,505	(33,770,422)	(9,473,827)
Loss for the year	-	-	(27,278)	(27,278)
Total comprehensive income for the year	-	-	(27,278)	(27,278)
<b>Balance at 31 December 2022</b>	<b>843,090</b>	<b>23,453,505</b>	<b>(33,797,700)</b>	<b>(9,501,105)</b>

The notes on pages 17 to 41 form part of these financial statements.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit for the period		2,386,441	3,151,839
Adjustments for:			
Income tax expense		658,754	677,045
Net finance costs		565,402	681,302
Amortisation of intangible assets		4,336	6,500
Depreciation of owned assets		213,245	366,659
Depreciation of right of use assets		1,516,912	1,495,129
Profit on disposal of fixed assets		-	(469,932)
<b>Operating cash flows before working capital changes</b>		<b>5,345,090</b>	<b>5,908,542</b>
(Increase)/decrease in stock		(421,988)	903,921
Increase in debtors		(812,871)	(4,213,230)
(Decrease)/increase in creditors		(1,427,265)	4,311,627
<b>Cash generated by operations</b>		<b>2,682,966</b>	<b>6,910,860</b>
Interest paid		(565,402)	(681,302)
Tax paid		(445,964)	(514,579)
<b>Net cash provided from operating activities</b>		<b>1,681,600</b>	<b>5,714,979</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of fixed assets		234,154	1,525,342
Purchase of fixed asset		(148,885)	(628,712)
Purchase of intangible asset		-	(3,400)
<b>Net cash used in investing activities</b>		<b>85,269</b>	<b>893,230</b>
<b>Cash flows from financing activities</b>			
Repayment of intercompany borrowings		-	(6,500,000)
Repayment of lease liabilities		(1,475,103)	(1,307,105)
<b>Net cash used in financing activities</b>		<b>(1,475,103)</b>	<b>(7,807,105)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(291,766)</b>	<b>(1,198,896)</b>
Cash and cash equivalents at 1 January		757,465	1,956,361
<b>Cash and cash equivalents at 31 December</b>		<b>1,049,231</b>	<b>757,465</b>

**Consolidated Statement of Cash Flows (continued)**  
*for the year ended 31 December 2022*

**Analysis of changes in net debt**

	1 January 2022 £	Cash flows £	New right-of- use assets £	31 December 2022 £
<b>Cash and cash equivalents</b>				
Cash	757,465	291,766	-	1,049,231
<b>Borrowings</b>				
Leases	(16,582,280)	1,475,103	(631,591)	(15,738,768)
	<u>(15,824,815)</u>	<u>1,766,869</u>	<u>(631,591)</u>	<u>(14,689,537)</u>

The notes on pages 17 to 41 form part of these financial statements.

## Notes (forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### General information

Gradus Group Holdings Limited (the "Company") is a private company, limited by shares and incorporated and domiciled in England & Wales. The company registered number is 05982856, its registered office is 3rd Floor, Ashley Road, Altrincham, Cheshire WA14 2DT. See the directors' report for details of the company's and the group's principal activity.

The Group consists of Gradus Group Holdings Limited and its subsidiaries, as detailed in note 10.

### 1.1 Basis of preparation

These consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling, which is the functional currency of the Group.

The consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies are set out below and applied consistently throughout the years presented.

#### New and amended standards and interpretations

The group applied for the first-time certain standards and amendments, which are effective in the annual period ending 31 December 2022.

	<i>EU effective date – Periods beginning on or after</i>	<i>IASB effective date – periods beginning on or after</i>
Amendments to IFRS 3 Business combinations	1 January 2022	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment	1 January 2022	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.	1 January 2022	1 January 2022
IFRS 1 First-time adoption of International Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, IFRS 16 Leases (Amendments)	1 January 2022	1 January 2022
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2022	1 April 2021	1 April 2021

Standards, amendments, and interpretations cannot be adopted in the EU until they have been EU-endorsed. There is no material impact anticipated from transition to the other standards and amendments listed above.

## Notes (continued)

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### 1.2 Basis of consolidation

The consolidated financial statements incorporate those of Gradus Group Holdings Limited and its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefit).

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the Group's financial statements from the date that control commences until the date that control ceases.

### 1.3 Measurement convention

The financial statements are prepared on the historical cost basis.

### 1.4 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the directors have considered the financial position of the Company, its cash and liquidity position together with its forecasts and projections that take into account reasonably possible changes in trading performance. The going concern basis of accounting has therefore continued to be adopted in preparing the financial statements.

### 1.5 Revenue

The company earns revenue from the manufacture and promotion of products and services for the contract interiors market. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. The principles in IFRS 15 are applied to revenue recognition criteria using the following five step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The main performance obligations to customers are satisfied when the supply of goods and services have been transferred to the customer and the customer has control of these.

Where the company offers a right of return, it present an asset for the right to recover products from a customer on settling a refund liability separately from the refund liability itself. The asset recognised is initially measured by reference to the former carrying amount of the product less any expected costs to recover these products (including potential decreases in the value to the company of returned products). At the end of each reporting period, the measurement of the asset is updated to account for changes in expectations about products to be returned.

## Notes (continued)

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### 1.6 Expenses

#### *Lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### *Finance costs*

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

### 1.7 Foreign currency translations

Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

### 1.8 Government grants

The Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. This government grant relates to the coronavirus job retention scheme. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in profit or loss of the period in which it becomes receivable. Government grants relate to the Coronavirus Job Retention Scheme.

### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profits as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or at least realised based on the tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Assets held under leasing arrangements are recorded in the balance sheet at the lower of the fair value and the present value of the minimum lease payments at the inception of the leases.

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable
- certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

## Notes (continued)

### 1 Accounting policies (continued)

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

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- buildings 2 – 2.9% per annum
- plant and equipment 10 – 50% per annum
- fixtures and fittings 10 – 50% per annum
- right-of-use assets held under leasing arrangements 6.7% – 33.3% per annum

Depreciation methods, useful lives and residual values are reviewed at each Statement of Financial Position date.

#### 1.11 Intangible assets other than goodwill

##### Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- (a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- (b) Its intention to complete and its ability and intention to use or sell the asset
- (c) How the asset will generate future economic benefits
- (d) The availability of resources to complete the asset
- (e) The ability to measure reliably the expenditure during development

Intangible assets are amortised on a straight line basis over a three year period.

#### 1.12 Intangible assets – goodwill

Goodwill represents the excess of the cost of acquisition of incorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

#### 1.13 Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus directly attributable transaction costs. All financial assets are classified as financial assets at amortised cost if the assets comprise assets held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

After initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.13 Financial instruments

If there is objective evidence that there is an impairment loss on financial assets at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group makes an estimate of the recoverable value of trade receivables and other receivables. When assessing impairment of trade and other receivables, management considers factors including the ageing profile of receivables and historical experience. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

#### *Financial liabilities*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

#### *Equity instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### 1.14 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## Notes (continued)

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### 1 Accounting policies (continued)

#### 1.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### 1.16 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 1.17 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### **Judgements**

In the process of applying the Group's accounting policies described above, management has made the following judgements that have significant effects on the amounts recognised in the financial statements (apart from those involving estimates, which are dealt with in the following paragraphs).

##### **Provisions and accruals**

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

##### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.17 Significant accounting judgements, estimates and assumptions (continued)

##### *Estimation of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed annually and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 3.

##### *Impairment of accounts receivable*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history including the credit rating of the customer, ageing profile and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

As at the year end, expected credit losses of £98,446 (2021: £198,388) were recognised against trade receivables within the Statement of Financial Position. See Note 12 for more information.

### 2 Revenue

The whole of the turnover is attributable to the Company's principal activity.

	2022 £	2021 £
Revenue from the sale of goods	27,369,466	26,527,189
	<u>27,369,466</u>	<u>26,527,189</u>

A geographical analysis of turnover for the year ended 31 December 2022 is below:

	2022 £	2021 £
United Kingdom	22,977,827	23,361,746
Europe	2,404,048	1,953,448
Africa and Middle East	1,104,645	671,038
Asia and Australia	777,873	351,407
USA	105,073	189,550
	<u>27,369,466</u>	<u>26,527,189</u>

	2022 £	2021 £
Goods transferred at a point in time	27,369,466	26,527,189
	<u>27,369,466</u>	<u>26,527,189</u>

Revenue from a single customer in the year totalled £7,625,739 (2021: £8,424,658), 27.9% of total revenue (2021: 31.8%).

## Notes (continued)

### 3 Operating profit/(loss)

	2022 £	2021 £
<i>Operating profit/(loss) is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned (note 9)	213,245	366,659
Held under lease arrangements (note 9)	1,516,912	1,495,129
Profit on disposal of tangible fixed assets	-	(469,932)
Exchange losses/(gains)	11,742	40,092
Auditor's remuneration	36,616	29,500

During the year, the group received government grants under the Coronavirus Job Retention Scheme of £Nil (2021: £51,976).

### 4 Staff numbers and costs

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

	2022 Number	2021 Number
Office and management	97	106
Production	99	82
	<u>196</u>	<u>188</u>

The aggregate payroll costs for the year were:

	2022 £	2021 £
Wages and salaries	6,139,098	6,353,694
Social security costs	633,487	567,486
Other pension costs (see note 18)	314,823	339,534
	<u>7,087,408</u>	<u>7,260,714</u>

## Notes (continued)

### 5 Remuneration of directors

	2022	2021
	£	£
Directors' emoluments	420,338	461,360
Company contributions to money purchase pension schemes	7,515	19,296

The aggregate emoluments for the highest paid director were £310,066 (2021: £301,140), and company pension contributions of £Nil (2021: £13,561) were made to a money purchase scheme on his behalf.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

### 6 Finance costs

	2022	2021
	£	£
Finance costs:		
Interest on lease liabilities (note 15)	565,402	574,668
Interest payable to group companies	-	106,634
	<u>565,402</u>	<u>681,302</u>

### 7 Taxation

	2022	2022	2021	2021
	£	£	£	£
<i>UK corporation tax</i>				
Current tax on result for the year	648,753		767,887	
Adjustment in respect of prior years	<u>(78,919)</u>		<u>4,034</u>	
		569,834		771,921
<i>Deferred tax (see note 19)</i>				
Origination and reversal of timing differences in the year	48,795		(78,734)	
Adjustments in respect of prior periods	40,125		(46,814)	
Effect of tax rate change on opening balance	<u>-</u>		<u>30,672</u>	
		88,920		(94,876)
Tax on profit/loss on ordinary activities		<u>658,754</u>		<u>677,045</u>

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2021: higher) than the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below.

## Notes (continued)

### 7 Taxation (continued)

	2022	2021
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,045,195	711,284
	<hr/>	<hr/>
Current tax at 19% (2021: 19%)	578,587	135,144
<i>Effects of:</i>		
Expenses not deductible for tax purposes	91,034	298,904
Impact on rate change on current year tax charge	11,710	16,929
Excess of overseas taxes suffered	-	(2,660)
Adjustments to tax charge in respect of previous periods	(78,919)	(56,940)
Adjustments to tax charge in respect of previous periods – deferred tax	40,125	5,631
Fixed asset timing differences	16,217	(81,259)
Adjustment to brought forward values	-	-
	<hr/>	<hr/>
Total current tax charge (see above)	658,754	315,749
	<hr/>	<hr/>

#### Factors affecting the tax charge for future years

In the budget on 3 March 2021, the UK Government announced an increase to the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at a 25% which was the tax rate substantively enacted at 31 December 2022.

## Notes (continued)

### 8 Goodwill and other intangible assets

#### Group

	Goodwill	Development Costs	Total
	£	£	£
<b>Cost</b>			
Balance at 1 January 2021	20,208,130	74,157	20,282,287
Additions	-	3,400	3,400
Balance at 31 December 2021 and 2022	<b>20,208,130</b>	<b>77,557</b>	<b>20,285,687</b>
<b>Amortisation</b>			
Balance at 1 January 2021	-	(57,930)	(57,930)
Charge for year	-	(6,500)	(6,500)
Balance at 31 December 2021	-	<b>(64,430)</b>	<b>(64,430)</b>
Balance at 1 January 2022	-	(64,430)	(64,430)
Charge for year	-	(4,336)	(4,336)
Balance at 31 December 2022	-	<b>(68,766)</b>	<b>(68,766)</b>
<b>Net book value</b>			
At 31 December 2022	<b>20,208,130</b>	<b>8,791</b>	<b>20,216,921</b>
At 31 December 2021	20,208,130	13,127	20,221,257

Capitalised development expenditure represents the cost of development expenditure incurred on a project-by-project basis. It is amortised on a straight line basis over a period of 3 years which is the period which best represents the best estimate of the period over which the development products are expected to give rise to identifiable revenue streams.

The company had no intangible assets at 31 December 2022 and 31 December 2021. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method required the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of cash flows.

The cash generating unit within the group is the accessories division and the value in use calculations show there is no impairment required on goodwill.

## Notes (continued)

### 8 Goodwill and other intangible assets (continued)

The carrying amount of goodwill is allocated to the cash generating units as follows:

	Goodwill carrying amount	
	2022	2021
	£	£
Accessories	20,208,130	20,208,130
<b>Total</b>	<b>20,208,130</b>	<b>20,208,130</b>

The recoverable amounts of the above cash generating units have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 31 December 2027. Other major assumptions are as follows:

	Accessories
<b>2022</b>	<b>%</b>
Discount rate	2.5
Growth rate	1.0
<b>2021</b>	<b>%</b>
Discount rate	2.5
Growth rate	1.0

The growth rate assumption applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year five.

## Notes (continued)

### 9 Property Plant & Equipment Group

	Land and buildings £	Plant and machinery £	Right-of-use assets £	Total £
<b>Cost</b>				
Balance at 1 January 2021	4,123,238	11,121,872	18,634,075	33,879,185
Additions	169,684	459,028	1,086,078	1,714,790
Disposals	(1,153,977)	-	(546,550)	(1,700,527)
As at 31 December 2021	<b>3,138,945</b>	<b>11,580,900</b>	<b>19,173,603</b>	<b>33,893,448</b>
Additions	-	148,885	631,591	780,476
Disposals	-	-	(557,507)	(557,507)
Balance at 31 December 2022	<b>3,138,945</b>	<b>11,729,785</b>	<b>19,247,687</b>	<b>34,116,417</b>
<b>Depreciation</b>				
As at 1 January 2021	(1,758,095)	(10,541,855)	(2,306,470)	(14,606,420)
Charge for year	(166,625)	(200,034)	(1,495,129)	(1,861,788)
Eliminated on disposal	112,667	-	532,450	645,117
As at 31 December 2021	<b>(1,812,053)</b>	<b>(10,741,889)</b>	<b>(3,269,149)</b>	<b>(15,823,091)</b>
Charge for year	(16,362)	(196,883)	(1,516,912)	(1,730,157)
Eliminated on disposal	-	-	323,353	323,353
Balance at 31 December 2022	<b>(1,828,415)</b>	<b>(10,938,772)</b>	<b>(4,462,708)</b>	<b>(17,229,895)</b>
<b>Net book value</b>				
At 31 December 2022	<b>1,310,530</b>	<b>791,013</b>	<b>14,784,979</b>	<b>16,886,522</b>
As at 31 December 2021	<b>1,326,892</b>	<b>839,011</b>	<b>15,904,454</b>	<b>18,070,357</b>

## Notes (continued)

### 9 Property Plant & Equipment (continued)

#### Company

	<b>Land and buildings £</b>
<i>Cost</i>	
Balance at 1 January 2021	1,867,390
Additions in the year	244,761
Disposals	(1,153,977)
	<u>958,174</u>
Balance at 31 December 2021 and 2022	<u>958,174</u>
<i>Depreciation</i>	
Balance at 1 January 2021	(213,600)
Depreciation on disposals	112,667
Charge for the year	(36,067)
	<u>(137,000)</u>
Balance at 31 December 2021	<u>(137,000)</u>
Charge for the year	<u>(27,400)</u>
	<u>(164,400)</u>
Balance at 31 December 2022	<u>(164,400)</u>
<i>Net book value</i>	
At 31 December 2022	<u>793,774</u>
At 31 December 2021	<u>821,174</u>

## Notes (continued)

### 10 Investments in subsidiaries

#### Company

	Shares in group Undertakings £
<i>Cost</i>	
Balance at 1 January 2022	43,905,437
	<hr/>
Balance at 31 December 2022	43,905,437
	<hr/>
<i>Net book value</i>	
At 31 December 2022	43,905,437
	<hr/>
At 31 December 2021	43,905,437
	<hr/>

The details of the Company's subsidiaries, which are all 100% directly held, at 31 December 2022 are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			Company
Gradus Limited	England and Wales	Manufacturer of stair edgings, floor trims and associated products	Direct holding 100% ordinary shares

## Notes (continued)

### 11 Inventories - group only

	2022 £	2021 £
Raw materials and consumables	1,392,094	1,063,476
Work in progress and finished goods	871,419	778,049
	<u>2,263,513</u>	<u>1,841,525</u>

During the year, a credit was recognised within the Statement of Comprehensive Income of £3,324 (2021: a charge of £74,944) in respect of slow-moving and obsolete items. As at the year end, a provision was recognised against inventories of £178,788 (2021: £182,112).

### 12 Trade and other receivables

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade receivables	2,451,520	1,947,233	-	-
Amounts due from fellow group undertakings	11,699,993	10,974,646	-	-
Other receivables	137,983	776,545	-	760,000
Prepayments and accrued income	515,790	293,991	-	-
	<u>14,805,286</u>	<u>13,992,415</u>	<u>-</u>	<u>760,000</u>

Amounts repayable from group are repayable upon demand.

The average credit period on sales of goods is 45 days (2021: 41 days). No interest is charged on outstanding trade receivable balances. The carrying amount of trade and other receivables approximates the fair value.

There is an allowed for expected credit losses of £98,466 (2021: £198,388).

Included in trade receivables are amounts which are past due but not impaired of £642,808 (2021: £347,221). These amounts have not been impaired as management considers that there is no indication that the amounts are uncollectible.

Amounts due from fellow group undertakings are interest free and repayable on demand.

## Notes (continued)

### 12 Trade and other receivables (continued) - group only

Trade receivables provision	Total £
At 1 January 2021	65,210
Charge for the period	132,616
Utilised	(353)
Unused amounts reversed	915
<b>At 31 December 2021</b>	<b>198,388</b>
	Total £
At 1 January 2022	198,388
Charge for the period	(100,897)
Utilised	-
Unused amounts reversed	955
<b>At 31 December 2022</b>	<b>98,446</b>

### 13 Trade and other payables due in less than one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Current</b>				
Trade payables	1,153,804	1,446,319	-	-
Amounts due to group undertakings	4,052,655	4,694,123	54,236,926	54,986,923
Corporation tax	533,930	410,060	-	-
Taxation and other social security	194,641	793,244	-	-
Other payables	136,296	117,168	-	-
Accruals	1,223,066	1,126,873	5	5
	<b>7,294,392</b>	<b>8,587,787</b>	<b>54,236,931</b>	<b>54,986,928</b>

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The carrying amount of trade and other payables approximates the fair value.

Amounts due to group undertakings are repayable on demand and is interest free.

## Notes (continued)

### 14 Leases

Lease liabilities relate to right-of-use assets detailed in (note 9). The carrying amount of the lease liabilities approximates the fair value. The Group's obligations are secured by the lessors' title to the leased assets which has a carrying value of £14,784,979 (2021: £15,904,454).

Lease liabilities	Group	
	2022	2021
	£	£
Current liabilities	1,365,714	1,131,515
Non-current liabilities	14,373,054	15,450,765
	<u>15,738,768</u>	<u>16,582,280</u>
<b>Maturity analysis of lease liabilities:</b>		
Amounts falling within 1 year	1,365,714	1,131,515
Amounts falling due between 1 and 2 years	1,449,333	1,245,199
Amounts falling due between 2 and 3 years	1,220,923	1,252,199
Amounts falling due between 3 and 4 years	1,143,378	1,161,552
Amounts falling due between 4 and 5 years	1,163,085	1,163,461
Amounts falling due in more than 5 years	9,396,335	10,628,354
	<u>15,738,768</u>	<u>16,582,280</u>

Amounts recognised in the consolidated income statement are as follows:

	2022	2021
	£	£
Interest expense	565,402	574,668
Depreciation of right-of-use assets	1,193,559	1,495,129
	<u>1,758,961</u>	<u>2,069,797</u>

## Notes (continued)

### 14 Leases (continued)

The movement in lease liabilities are as follows:

	2021 £
At 1 January 2021	16,803,307
Additions	1,086,078
Interest expense	574,668
Lease payments	(1,881,773)
	<hr/>
At 31 December 2021	16,582,280
	<hr/>
	<hr/>
	2022 £
At 1 January 2022	16,582,280
Additions	631,591
	(557,507)
Interest expense	565,402
Lease payments	(1,482,998)
	<hr/>
At 31 December 2022	15,738,768
	<hr/>
	<hr/>

### 15 Deferred taxation - Group only

	Deferred tax 2022 £
At beginning of year	49,065
Charge for the year	88,920
	<hr/>
At end of year	137,985
	<hr/>
	<hr/>

Amounts provided in respect of deferred taxation are analysed as follows:

	2022 £	2021 £
Accelerated capital allowances	204,522	150,624
Short term timing differences	(66,537)	(101,559)
	<hr/>	<hr/>
	137,985	49,065
	<hr/>	<hr/>

The company has unrecognised deferred tax assets of £1,493,674 (2021: £1,493,674) in respect of tax losses.

## Notes (continued)

### 16 Called up share capital

	2022 £	2021 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares 843,090,080 (2021: 843,090,080) of £0.001 each	843,090	843,090
	<u>843,090</u>	<u>843,090</u>

The shares have attached to the full voting, dividend, and capital distribution (including on winding up) rights; they do not confer any rights of redemption. All ordinary shares rank equally with regard to the company's residual assets.

### 17 Reserves

#### *Retained earnings*

Retained earnings represents the cumulative profits and losses of the Company, less the payment of any dividends.

#### *Share premium*

The excess of consideration received for shares issued above their nominal value net of transaction costs.

### 18 Pension scheme

#### *Defined contribution pension scheme*

The Group is party to group defined contribution pension scheme arrangements for certain personnel. The benefits are at all times restricted to those which can be paid from the assets of the schemes. The assets of the schemes are held separately from the company in independently administered funds.

The pension charge for the year was £333,796 (2021: £339,534). Pension contributions outstanding at 31 December 2022 were £59,874 (2021: £61,406).

### 19 Financial instruments, risk management objectives, and policies

The Group's assets and liabilities include the following financial instruments:

Financial assets measured at amortised cost include, loans and receivables, trade and other receivables, amounts due from other group companies and cash and cash equivalents

	2022 £	2021 £
<b>Financial assets</b>		
Cash and cash equivalents	1,049,231	757,465
Loans and receivables (excluding prepayments)	14,286,496	13,698,424
	<u>15,335,727</u>	<u>14,455,889</u>

There is no difference between the total carrying amount and the fair value of trade receivables and cash and cash equivalents.

## Notes (continued)

### 20 Financial instruments, risk management objectives, and policies (continued)

Financial liabilities measured at amortised cost include, trade and other payables, amounts due to other group companies and amounts payable on leasing arrangements over right-of-use assets

	2022	2021
	£	£
<b>Financial liabilities</b>		
Trade and other payables	6,435,054	7,384,483
	<u>6,435,054</u>	<u>7,384,483</u>

Financial liabilities are measured at amortised cost. There is no difference between the total carrying value and the fair value of trade and other payables.

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk, and liquidity risk. The company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The significant risks that the company is exposed to are discussed below:

#### Capital risk management

The Group aims to manage its overall capital so as to ensure that it continues to operate as a going concern and to maintain sufficient financial flexibility to undertake planned investments, whilst providing an adequate return to shareholders.

The Group's capital structure represents the equity attributable to the shareholders of the company together with borrowings and cash and cash equivalents.

In order to maintain an appropriate capital structure, in addition to the utilisation of the group facility, the Group may adjust the amount of dividends paid to shareholders, may issue new share capital or return capital to shareholders.

#### Risk management objectives

The Board is charged with the overall responsibility of establishing and monitoring the Group's risk management policies and processes. The Group's risk management policies and processes are determined in order to identify, analyse and monitor the risks that are faced by the Group. All treasury transactions are reported to and approved by the Board. The Group does not enter into or trade financial instruments for speculative purposes.

The principal risks to which the Group is exposed are market risk including currency risk and interest rate risk, credit risk, and liquidity risk.

#### Currency risk

The Group is exposed to foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are assessed and hedging is considered where the risks facing the Group are outside acceptable limits.

Whilst the aim is to achieve an economic hedge, the Group does not adopt an accounting policy of hedge accounting for these financial statements. At the reporting date the Group had minimal exposure to currency fluctuations.

## **Notes (continued)**

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### **21 Financial instruments, risk management objectives, and policies (continued)**

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. The Group trades only with recognised, creditworthy third parties, whilst receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not considered to be significant. With respect to credit risk arising from other financial assets of the Group, comprising cash and cash equivalents, the Group's exposure to this risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

#### **Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages its risk by monitoring on a regular basis that sufficient funds are available to meet maturing obligations.

#### **Market risk**

Market risk, comprising price risk, interest rate risk, and currency risk arises due to movements in market prices of assets, interest rates, and foreign currency rates. The Group manages market risk by setting limits on exposures to investments, currency and counterparties and transacting business in other major currencies with counterparties of repute.

#### **Fair values**

Fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Fair values of the above financial instruments are not materially different from their book values.

#### **Qualitative analysis**

Details of credit, liquidity and currency positions at the reporting date are given in notes 12 and 13. At the reporting date the Group had minimal exposure to currency or interest rate fluctuations.

## Notes (continued)

### 22 Related parties

The following tables provide the total amount of transactions that have been entered into with companies with common ownership for the relevant financial year:

		Income from related parties	
		2022	2021
		£	£
Gerflor SAS	:	289,069	144,643
Romus SARL	:	839,751	666,190
SPM SAS	:	177,028	190,757
Gerflor Scandinavia	:	15,516	-
Gerflor Miropdam GMBH	:	52,386	-
Gerflor Flooring UK	:	1,216,758	8,424,658
Martyn Industrial Limited	:	-	738
		<u>2,590,508</u>	<u>9,426,986</u>

		Expenditure to related parties	
		2022	2021
		£	£
Gerflor Scandinavia	:	108,656	118,165
Progress Profiles	:	111,352	-
SPM SAS	:	216,103	188,373
Gerflor Flooring UK	:	23,983	4,011
Hestiafloor 2	:	193,280	172,456
		<u>653,374</u>	<u>483,005</u>

## Notes (continued)

### 23 Related parties (continued)

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties	
	2022 £	2021 £
SPM SAS	24,073	-
Gerflor SAS	6,315,816	4,217,213
Romus SARL	72,543	74,925
Gerflor Mipolam	23,756	-
Gerflor Flooring UK Ltd	5,233,210	6,576,125
Romus SAS	30,595	-
	<u>11,699,993</u>	<u>10,868,263</u>
	<u><u>11,699,993</u></u>	<u><u>10,868,263</u></u>
	Amounts owed to related parties	
	2022 £	2022 £
SPM SAS	(20,013)	(22,647)
Gerflor Flooring UK	(3,822,409)	-
Gerflor SAS	-	(4,570,678)
Gerflor Scandinavia	(20,694)	(10,000)
Progress Profiles SPA	(83)	-
Hestiafloor 2	(189,456)	(90,798)
	<u>(4,052,655)</u>	<u>(4,694,123)</u>
	<u><u>(4,052,655)</u></u>	<u><u>(4,694,123)</u></u>

### 24 Capital commitments

The group had capital commitments of £Nil (2021: £8,690) as at 31 December 2022 relating to the leasing of two properties and the purchase of shelf racking.

### 25 Ultimate parent company and controlling party

The immediate parent of Gradus Group Holdings Limited is Topfloor SAS, a company registered in France. The ultimate parent company and controlling party is Hestiafloor 2 a company registered in France.