

NATIONAL SHOWER SPARES LIMITED

Annual report and financial statements

Registered number: SC209728

31 December 2021



National Shower Spares Limited

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National Shower Spares Limited

Company information

Directors

D.M. Evans

G. Barnes

Registered office

50 Mauchline Street

Glasgow

United Kingdom

G5 8HQ

National Shower Spares Limited

Directors' report for the year ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors of the Company

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

A.R. Williams (resigned 30 September 2021)

D.M. Evans

G. Barnes

TP Directors Limited (resigned 30 September 2021)

Directors' liabilities

The Company made qualifying third party indemnity provisions for the benefit of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Statement of going concern

The Directors have a reasonable expectation that the Company has the resources to continue in operational existence for at least twelve months from the date of signing these financial statements. Thus it continues to adopt the going concern assumption in preparing the annual financial statements. Further details regarding the going concern basis can be found in note 2 to the financial statements.

Dividends

The Directors do not recommend the payment of a dividend (2020: £nil).

Political donations

During the year, the Company made no political donations nor incurred any political expenditure (2020: £nil).

Modern slavery

The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

Small companies provision statement

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006. The company has taken advantage of the exemption under section 414B of the Companies Act 2006 to not prepare a strategic report.

Approved by the Board on 28 September 2022 and signed on its behalf by:



.....
G. Barnes

Director

National Shower Spares Limited

Statement of directors' responsibilities

The Directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures *disclosed and explained in the financial statements*;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, *or have no realistic alternative but to do so*.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

National Shower Spares Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2021

| | <i>Note</i> | 2021 £000 | 2020 £000 |
|---|-------------|----------------------|----------------------|
| Turnover | 4 | 7,148 | 6,259 |
| Cost of sales | | <u>(5,239)</u> | <u>(4,456)</u> |
| Gross profit | | 1,909 | 1,803 |
| Selling and distribution costs | | (433) | (419) |
| Administrative expenses | | <u>(490)</u> | <u>(509)</u> |
| Operating profit | 5 | 986 | 875 |
| Finance expense | 8 | <u>(224)</u> | <u>(80)</u> |
| Profit before taxation | | 762 | 795 |
| Tax credit/(charge) on profit | 9 | <u>6</u> | <u>(150)</u> |
| Profit and total comprehensive income for the financial period | | 768 | 645 |

The above results were derived from continuing operations.

National Shower Spares Limited

Balance sheet as at 31 December 2021

| | <i>Note</i> | 2021 £000 | 2020 £000 |
|---|-------------|----------------------------|----------------------------|
| Fixed assets | | | |
| Tangible fixed assets | 10 | 24 | 14 |
| Current assets | | | |
| Stocks | 11 | 690 | 416 |
| Debtors | 12 | 5,421 | 3,822 |
| Cash at bank and in hand | | - | 1,128 |
| | | 6,110 | 5,366 |
| Creditors: amounts falling due within one year | 13 | (2,786) | (2,804) |
| Net current assets | | 3,325 | 2,562 |
| Net assets | | 3,349 | 2,576 |
| Capital and reserves | | | |
| Called up share capital | 16 | - | - |
| Share premium | 17 | 47 | 47 |
| Profit and loss account | 17 | 3,302 | 2,529 |
| Total equity | | 3,349 | 2,576 |

For the year ended 31 December 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the "Act") relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved and authorised by the Board on 28 September 2022 and signed on its behalf by:



G. Barnes

Director

National Shower Spares Limited

Statement of changes in equity for the year ended 31 December 2021

| | Share capital | Share premium | Profit and loss account | Total |
|----------------------------|----------------------|----------------------|------------------------------------|--------------|
| | £000 | £000 | £000 | £000 |
| At 1 January 2020 | - | 47 | 1,884 | 1,931 |
| Profit for the year | - | - | 645 | 645 |
| At 31 December 2020 | - | 47 | 2,529 | 2,576 |
| Profit for the year | - | - | 768 | 768 |
| Share based payments | - | - | 5 | 5 |
| At 31 December 2021 | - | 47 | 3,302 | 3,349 |

National Shower Spares Limited

Notes to the financial statements for the year ended 31 December 2021

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales in the United Kingdom under the Companies Act 2006.

Principal activities

The principal activity of the Company is the marketing and distribution of building and plumbing materials to the building trade and industry generally within the United Kingdom.

2 Accounting policies

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (as amended following its Triennial review in 2017).

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern assessment by the Directors of the Company

The Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual report and financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- that the Company has produced cash flow forecasts and revenue projections which are included in those of the Group, and these present a positive outlook for both the Group and Company;
- reasonable potential changes in trading performance, including ongoing supply chain challenges;
- the committed facilities available to the Group and the covenants thereon;
- the Group's robust policies towards liquidity and cash flow management;
- the Group management's ability to successfully manage the principal risks and uncertainties during periods of uncertain economic outlook and challenging macro-economic conditions.

The Group going concern assessment was completed for the Group accounts published on 30 May 2022. The Directors have made appropriate inquiries of the Group up to the date of signing these financial statements and have not identified any matters which impact their conclusion regarding the ability of the Group to continue as a *going concern*.

National Shower Spares Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern assessment by the Directors of the Company (continued)

Melbourne Midco Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

Tangible fixed assets

Tangible fixed assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation rate |
|---------------------|------------------------------|
| Motor vehicles | 25% on a straight line basis |
| Plant and equipment | 25% on a straight line basis |

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the weighted average method.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in the profit and loss account.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit and loss account as a charge to administrative expenses.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

National Shower Spares Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is 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.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference. Deferred tax relating to tangible fixed assets measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Defined contribution pension obligation

The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions.

The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Share-based payments

Previously, as a member of the Travis Perkins Group, equity-settled share-based payments were issued to certain employees.

Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, having been adjusted to reflect an estimate of shares that will eventually vest and for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

As the Company is part of a group share-based payment plan it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. This allocation is based on individual employees and where their services are rendered for group companies.

Share-based payments schemes offered prior to the Group's acquisition by H.I.G. Capital have now ceased as of 30 September 2021.

Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Supplier income

Supplier income comprises fixed price discounts, volume rebates and customer sales support.

Fixed price discounts and volume rebates received and receivable in respect of goods which have been sold are initially deducted from the cost of inventory and therefore reduce cost of sales in the profit and loss account when the goods are sold. Where goods on which the fixed price discount or volume rebate has been earned remain in inventory at the year-end, the cost of that inventory reflects those discounts and rebates (see stock accounting policy).

The Company receives customer sales support payments that are made entirely at the supplier's option, that are requested by the Company when a specific product is about to be sold to a specific customer and for which payment is only received after the sale has been completed. All customer sales support receipts received, and receivable are deducted from cost of sales when the sale to the third party has been completed, i.e. when the customer sales support payment has been earned.

Supplier income receivable is netted off against trade creditors when there is a legally binding arrangement in place, and it is management's intention to do so, otherwise amounts are included in other debtors in the balance sheet.

Other promotional arrangements are not significant.

Customer rebates

Where the Company has rebate agreements with its customers, the value of customer rebates paid or payable, calculated in accordance with the agreements in place, is deducted from turnover in the year in which the rebate is earned.

Share capital

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

Due to the simplicity of the Company's operations, there are no critical accounting judgments and estimates made in the preparation of these financial statements.

4 Turnover

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

All turnover (2020: all turnover) is generated from the sale of goods.

5 Operating profit

Operating profit is stated after charging:

| | 2021 £000 | 2020 £000 |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 8 | 12 |
| Foreign exchange losses | 1 | - |

6 Directors' remuneration

Three (2020: three) of the Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £1,489k (2020: £870k), performance-related bonus of £nil (2020: £nil) and other emoluments totalling £18k (2020: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered.

During the year, no Directors (2020: none) were members of a defined benefit pension scheme, and two (2020: two) are contributing towards the Group's defined contribution scheme.

Three Directors exercised share options during the year (2020: two).

National Shower Spares Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Staff costs

The average number of persons employed by the Company during the period, analysed by category, was as follows:

| | 2021 | 2020 |
|----------------------------|-----------|-----------|
| | No. | No. |
| Administration and support | 7 | 1 |
| Sales | 16 | 16 |
| | <u>23</u> | <u>17</u> |

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

| | 2021 | 2020 |
|------------------------------|------------|------------|
| | £000 | £000 |
| Wages and salaries | 559 | 449 |
| Social security costs | 45 | 41 |
| Pension costs | 19 | 15 |
| Share-based payment expenses | 5 | - |
| | <u>628</u> | <u>505</u> |

Share-based payments under the SAYE and nil price options schemes offered prior to acquisition by H.I.G. Capital ceased as of 30 September 2021.

8 Finance expense

| | 2021 | 2020 |
|---------------------------|------|------|
| | £000 | £000 |
| Bank charges and interest | 224 | 80 |

National Shower Spares Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

9 Tax

Tax charged in the profit and loss account:

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Current tax | | |
| Corporation tax on income for the period | 147 | 150 |
| Adjustments in respect of prior periods | (150) | - |
| Total current tax | (3) | 150 |
| Deferred tax | | |
| Credit in respect of rate change | (1) | - |
| Adjustments in respect of prior periods | (2) | - |
| Total deferred tax | (3) | - |
| Total tax | (6) | 150 |

The tax on profit before tax for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Profit before taxation | 762 | 795 |
| Tax using the UK corporation tax rate of 19% | 145 | 151 |
| Non-deductible expenses | 2 | - |
| Adjustments to tax in respect of previous years | (152) | (1) |
| Tax rate change | (1) | - |
| Total tax expense/(income) included in profit or loss | (6) | 150 |

Tax rate changes

On 3 March 2021 it was announced that the UK corporation tax rate will increase in April 2023 to 25%, which subsequently became enacted in June 2021. Any deferred tax balances have been calculated at the rates substantively enacted for the periods in which they are expected to unwind.

National Shower Spares Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Tangible fixed assets

| | Motor vehicles £000 | Plant & equipment £000 | Total £000 |
|---------------------------------|------------------------|---------------------------|---------------|
| Cost | | | |
| Balance at 1 January 2021 | 17 | 54 | 71 |
| Additions | - | 18 | 18 |
| Balance at 31 December 2021 | 17 | 72 | 89 |
| Accumulated depreciation | | | |
| Balance at 1 January 2021 | 12 | 45 | 57 |
| Charge for the year | 4 | 4 | 8 |
| Balance at 31 December 2021 | 16 | 49 | 65 |
| Net book value | | | |
| At 31 December 2021 | 1 | 23 | 24 |
| At 31 December 2020 | 5 | 9 | 14 |

11 Stocks

Stocks consist of goods for resale.

| | 2021 £000 | 2020 £000 |
|------------------|--------------|--------------|
| Goods for resale | 690 | 416 |

12 Debtors

| | 2021 £000 | 2020 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 315 | 277 |
| Other debtors | 65 | 87 |
| Amounts owed by group undertakings | 5,036 | 3,458 |
| Deferred tax asset (note 14) | 4 | - |
| | 5,421 | 3,822 |

Amounts owed by group undertakings includes loans and trade balances. The loans are interest-free and have no fixed date for repayment.

Trade debtors are stated after provisions for impairment of £1k (2020: £7k).

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Notes to the financial statements for the year ended 31 December 2021 (continued)

13 Creditors: amounts falling due within one year

| | 2021 | 2020 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade creditors | 668 | 486 |
| Corporation tax liability | 148 | 150 |
| Other payables | 115 | 57 |
| Other taxation and social security | 10 | 148 |
| Amounts owed to group undertakings | 1,800 | 1,963 |
| Bank overdrafts | 45 | - |
| | <u>2,786</u> | <u>2,804</u> |

Amounts owed to group undertakings include loans and trade balances. The loans are interest free and have no fixed date for repayment.

14 Deferred tax

Deferred tax assets and liabilities

| | 2021 | 2020 |
|--|----------|----------|
| | £000 | £000 |
| Capital allowances in excess of depreciation | 3 | - |
| Deferred tax asset | <u>3</u> | <u>-</u> |

15 Pension schemes

The company operates a defined contributions plan. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Contributions of £19k (2020: £3k) were made to the plan scheme during the period.

16 Share capital

| | 2021 | | 2020 | |
|--|------|-----|------|-----|
| | No. | £ | No. | £ |
| Allotted, called up and fully paid shares | | | | |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |

Rights, preferences and restrictions

There were no changes to share capital during the period.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital. Dividends are payable at the discretion of the Company's Directors.

17 Reserves

The share premium reserve records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.

The profit and loss account represents cumulative profits or losses.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

18 Related party transactions

The company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly owned subsidiaries of Highbourne Group Limited.

19 Parent and ultimate parent undertakings

The immediate parent undertaking is KA Venture Limited, a subsidiary of Highbourne Group Limited, formerly Travis Perkins P&H Holdings Limited. Highbourne Group Limited is the parent of the smallest group to consolidate these financial statements. Copies of the Highbourne Group Limited consolidated financial statements can be obtained from Highbourne House, Eldon Way, Crick, Northampton, United Kingdom, NN6 7SL.

The parent undertaking of the largest group to consolidate these financial statements is Melbourne Topco Limited, a company registered in England in the United Kingdom. Copies of the Melbourne Topco Limited consolidated financial statements can be obtained from 10 Grosvenor Street, London, United Kingdom, W1K 4QB.

The ultimate parent undertakings of the company are jointly H.I.G. Europe Middle Market Holdings L.P., and H.I.G. Europe Capital Partners III Holdings L.P., both registered in Canada.