

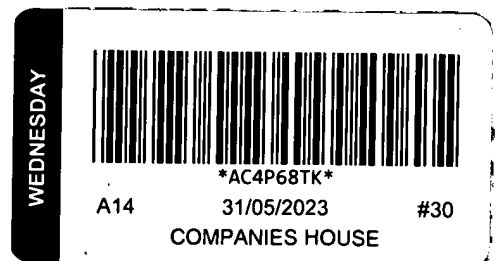
COMPANY REGISTRATION NUMBER: 00591557

BELLESGROVE CERAMICS PLC
FINANCIAL STATEMENTS
31 DECEMBER 2022

OPASS BILLINGS WILSON & HONEY LLP

Chartered Certified Accountants & statutory auditor

Numeric House
98 Station Road
Sidcup
Kent
DA15 7BY



BELLEGROVE CERAMICS PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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BELLESGROVE CERAMICS PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Marco Fregni
Carlo Raimondi
Sebastiano Stocchetti

Company secretary

Philip Roberts

Registered office

Bellegrove House
651-661 Princes Road
Dartford
Kent
DA2 6EF

Auditor

Opass Billings Wilson & Honey LLP
Chartered Certified Accountants & statutory auditor
Numeric House
98 Station Road
Sidcup
Kent
DA15 7BY

Bankers

Barclays Bank Plc
Leicester
Leicestershire
LE87 2BB

BELLEGROVE CERAMICS PLC

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their strategic report to the company for the year ended 31 December 2022.

Business Review

The principal activity of the company continued to be that of the wholesale supplying of ceramic tiles and related products.

Whilst the directors consider the current economic climate to be challenging, the company continues to generate a strong level of business with the turnover broadly up 12% on the previous year. The focus continues to be on quality European Group products aimed at the independent and contracts markets. Gross margins are broadly inline with the previous year, due in part to a strengthening Sterling exchange rate. The Board continues to maintain a tight control over its overheads with particular attention to its recurring costs.

At the year end the company recorded total assets less liabilities of £1,222,276 (2021 - £1,244,891) and net current assets of £747,232 (2021 - £750,542). The directors are therefore of the opinion that the company's position is satisfactory.

Principal risks and uncertainties

The directors have assessed the main risks facing the company as follows:

- pressure on pricing and margins from cheap imported products from outside of Europe, to mitigate the effects the company is concentrating on higher end ranges which offer better returns and are less susceptible to competition.
- increased energy and fuel costs impacting on the cost of goods sold
- the additional impact of Brexit, in terms of product delays and increased importation costs.

Financial key performance indicators

The company finances its operations through profitability, use of local currency bank accounts and forward contracts to carefully manage the timing and conversion of foreign currency transactions. Surplus funds are held in short term bank deposit accounts allowing the company to take advantage of changing circumstances at short notice.

The Board regards the following as key performance indicators for the company:

1. Gross Profit Percentage

The Gross Profit Percentage achieved in 2022 was 37.81% and in 2021 it was 38.08%. The board are happy with the consistency of the gross profit percentage.

2. The ratio of current assets to current liabilities

The ratio of current assets to current liabilities at 31st December 2022 was 2.32 and at 31st December 2021 it was 2.01. The board are satisfied with this result.

BELLESGROVE CERAMICS PLC

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2022

This report was approved by the board of directors on 10.05.2023 and signed on behalf of the board by:



Marco Fregni
Director

BELLESGROVE CERAMICS PLC

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Directors

The directors who served the company during the year were as follows:

Marco Fregni
Carlo Raimondi
Sebastiano Stocchetti

Dividends

No dividend has been declared or paid during the year (2021 - £Nil)

Future developments

The directors have prepared forecasts and they are satisfied that they will be able to continue with their current facilities for the foreseeable future and it is on this basis that the financial statements have been prepared on a going concern basis.

Employment of disabled persons

Full and fair consideration is given to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities.

Employee involvement

The company aims to provide employees systematically with information on matters of concern to them as employees and consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests.

Financial instruments

The company's activities expose it to a variety of financial risks, including the effects of interest rates and foreign exchange rates. The company's overall risk management policy focuses on monitoring potential adverse effects where considered material.

The company accepts a certain degree of interest rate risk and other market price risks and continues to monitor these on an ongoing basis. Prudent cash management is used to reduce any exposure to liquidity risk together with foreign exchange arrangements to mitigate the effect of foreign currency movements. The instruments purchased are denominated in Euros.

The company has no specific concentration of credit risk.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

BELLE GROVE CERAMICS PLC

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2022

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 10.05.2023 and signed on behalf of the board by:



Marco Fregni
Director

BELLEGROVE CERAMICS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLEGROVE CERAMICS PLC

YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Bellegrove Ceramics Plc (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the 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.

BELLEGROVE CERAMICS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLEGROVE CERAMICS PLC (continued)

YEAR ENDED 31 DECEMBER 2022

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BELLEGROVE CERAMICS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLEGROVE CERAMICS PLC (continued)

YEAR ENDED 31 DECEMBER 2022

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We identify and assess the key risk areas of material misstatement and then design and perform audit procedures in relation to those risks.

Materiality has been calculated based on turnover and gross assets and has been assessed at a level of £42,150.

The key risk areas were considered to be income cut-off and completeness, purchase cut-off and parent company loan reasonableness. Another risk for the company is the level of stock and the stock provision used by the company to write off obsolete stock. The key risk in relation to this would be over or under stated stock levels. The appropriate audit approach was considered and applied to each of these areas.

We performed analytical procedures to identify any unusual or unexpected ratios or variances that may indicate risks of material misstatement due to fraud.

We reviewed the financial statement disclosures and assessed compliance with relevant laws and regulations.

Irregularities which result from fraud are inherently more difficult to detect than irregularities which result from error, however there have never been any instances of fraud encountered with the company and there are controls in place through the segregation of duties and regular reviews of management accounts which reduce the risk of fraud through management override. In addition we have also considered any transactions which are outside the normal course of the company.

All audit team members were made aware of the relevant laws & regulations applicable to the company together with potential fraud risks and remained alert to any indications of fraud non compliance with the laws & regulations throughout the audit.

BELLEGROVE CERAMICS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLEGROVE CERAMICS PLC (continued)

YEAR ENDED 31 DECEMBER 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Benson Woodman FCCA (Senior Statutory Auditor) 10 - 05 - 2023

For and on behalf of
Opass Billings Wilson & Honey LLP
Chartered Certified Accountants & statutory auditor
Numeric House
98 Station Road
Sidcup
Kent
DA15 7BY

BELLEGROVE CERAMICS PLC

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

| | Note | 2022 £000 | 2021 £000 |
|---|------|--------------|--------------|
| Turnover | 5 | 2,288 | 2,051 |
| Cost of sales | | 1,423 | 1,270 |
| Gross profit | | 865 | 781 |
| Administrative expenses | | 923 | 774 |
| Other operating income | 6 | 21 | 80 |
| Operating (loss)/profit | 7 | (37) | 87 |
| Other interest receivable and similar income | 10 | 16 | 16 |
| Interest payable and similar expenses | 11 | 1 | 1 |
| (Loss)/profit before taxation | | (22) | 102 |
| Tax on (loss)/profit | 12 | — | 4 |
| (Loss)/profit for the financial year and total comprehensive income | | (22) | 98 |

All the activities of the company are from continuing operations.

The notes on pages 14 to 21 form part of these financial statements.

BELLESGROVE CERAMICS PLC

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

| | Note | 2022 £000 | 2021 £000 |
|---|------|--------------|--------------|
| Fixed assets | | | |
| Tangible assets | 13 | 475 | 493 |
| Current assets | | | |
| Stocks | 14 | 640 | 673 |
| Debtors | 15 | 527 | 462 |
| Cash at bank and in hand | | 148 | 358 |
| | | <u>1,315</u> | <u>1,493</u> |
| Creditors: amounts falling due within one year | 16 | <u>567</u> | <u>741</u> |
| Net current assets | | <u>748</u> | <u>752</u> |
| Total assets less current liabilities | | <u>1,223</u> | <u>1,245</u> |
| Net assets | | <u>1,223</u> | <u>1,245</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 2,000 | 2,000 |
| Profit and loss account | 20 | (777) | (755) |
| Shareholders funds | | <u>1,223</u> | <u>1,245</u> |

These financial statements were approved by the board of directors and authorised for issue on 10.05.2023 and are signed on behalf of the board by:


Marco Fregni
Director

Company registration number: 00591557

The notes on pages 14 to 21 form part of these financial statements.

BELLESGROVE CERAMICS PLC

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

| | Called up share capital £000 | Profit and loss account £000 | Total £000 |
|--|------------------------------------|------------------------------------|-----------------------|
| At 1 January 2021 | 2,000 | (853) | 1,147 |
| Profit for the year | — | 98 | 98 |
| Total comprehensive income for the year | — | 98 | 98 |
| At 31 December 2021 | 2,000 | (755) | 1,245 |
| Loss for the year | — | (22) | (22) |
| Total comprehensive income for the year | — | (22) | (22) |
| At 31 December 2022 | 2,000 | (777) | 1,223 |

The notes on pages 14 to 21 form part of these financial statements.

BELLEGROVE CERAMICS PLC

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

| | 2022 £000 | 2021 £000 |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| (Loss)/profit for the financial year | (22) | 98 |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible assets | 24 | 29 |
| Government grant income | (12) | (74) |
| Other interest receivable and similar income | (16) | (16) |
| Interest payable and similar expenses | 1 | 1 |
| Tax on (loss)/profit | — | 4 |
| Accrued (income)/expenses | (1) | 3 |
| <i>Changes in:</i> | | |
| Stocks | 33 | (35) |
| Trade and other debtors | (46) | (10) |
| Trade and other creditors | (40) | (73) |
| Cash generated from operations | (79) | (73) |
| Interest paid | (1) | (1) |
| Interest received | 16 | 16 |
| Tax paid | (4) | (5) |
| Net cash used in operating activities | <u>(68)</u> | <u>(63)</u> |
| Cash flows from investing activities | | |
| Purchase of tangible assets | <u>(6)</u> | <u>(3)</u> |
| Net cash used in investing activities | <u>(6)</u> | <u>(3)</u> |
| Cash flows from financing activities | | |
| Proceeds from loans from group undertakings | (148) | 50 |
| Government grant income | 12 | 74 |
| Payments of finance lease liabilities | — | (3) |
| Net cash (used in)/from financing activities | <u>(136)</u> | <u>121</u> |
| Net (decrease)/increase in cash and cash equivalents | (210) | 55 |
| Cash and cash equivalents at beginning of year | 358 | 303 |
| Cash and cash equivalents at end of year | <u>148</u> | <u>358</u> |

The notes on pages 14 to 21 form part of these financial statements.

BELLESGROVE CERAMICS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Bellegrove House, 651-661 Princes Road, Dartford, Kent, DA2 6EF.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Stock expenditure

Included in cost of sales is £1,416,587 (2021: £1,270,378), which represents the cost of finished goods purchased for resale during the year.

4. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Debtors

Debtors are initially recorded at fair value and are assessed for impairment at each reporting date. If any impairments exist the debtors are remeasured to their present value of the expected future cash inflows.

Creditors

Creditors are initially recorded at fair value and are remeasured to the present value of the expected future cash inflows.

Judgements and key sources of estimation uncertainty

In preparing the financial statements, the directors have had to make the following judgements:

- Company stock levels are constantly reviewed and should there be an indication of impairment or obsolescence the inventory is written down to its assessed net realisable value.
- Depreciation rates and assets useful lives are areas of estimation. These are reviewed annually to ensure they remain appropriate.
- Provisions for debtors are judgemental. Individual debtor balances are reviewed for recoverability and provisions are made specifically where recovery is in doubt.

BELLEGROVE CERAMICS PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

4. Accounting policies *(continued)*

Revenue recognition

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

Sale of goods

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

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

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

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

Tangible assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred. Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

BELLEGROVE CERAMICS PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

4. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------|---|--|
| Freehold property | - | 4% per annum - straight line |
| Improvements | - | 10-20% per annum - straight line |
| Plant and machinery | - | 15% per annum - reducing balance |
| Motor vehicles | - | 25% per annum - straight line |
| Office Equipment | - | 20% per annum - straight line and 15% per annum - reducing balance |

Impairment of fixed assets

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceed with the carrying amount and are recognised within "other operating income" in the statement of comprehensive income.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes all direct costs and an appropriate portion of fixed and variable overheads.

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

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are 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 are recognised in income in the period in which it becomes receivable.

BELLEGROVE CERAMICS PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

4. Accounting policies *(continued)*

Financial instruments

The company's activities expose it to a variety of financial risks, including the effects of interest rates and foreign exchange rates. The company's overall risk management policy focuses on monitoring potential adverse effects where considered material.

The company accepts a certain degree of interest rate risk and other market price risks and continues to monitor these on an ongoing basis. Prudent cash management is used to reduce any exposure to liquidity risk together with foreign exchange arrangements to mitigate the effect of foreign currency movements. The instruments purchased are denominated in Euros.

The company has no specific concentration of credit risk.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

5. Turnover

Turnover arises from:

| | 2022 | 2021 |
|---------------|--------------|--------------|
| | £000 | £000 |
| Sale of goods | <u>2,288</u> | <u>2,051</u> |

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

6. Other operating income

| | 2022 | 2021 |
|-------------------------|-----------|-----------|
| | £000 | £000 |
| Rental income | 6 | 6 |
| Government grant income | 12 | 74 |
| Other operating income | 3 | — |
| | <u>21</u> | <u>80</u> |

BELLESGROVE CERAMICS PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

7. Operating profit

Operating profit or loss is stated after charging:

| | 2022 £000 | 2021 £000 |
|---------------------------------|--------------|--------------|
| Depreciation of tangible assets | 24 | 29 |
| Impairment of trade debtors | 5 | 3 |

8. Auditor's remuneration

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Fees payable for the audit of the financial statements | 9 | 10 |
| Fees payable to the company's auditor and its associates for other services: Other non-audit services | 4 | 4 |

9. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

| | 2022 No. | 2021 No. |
|----------------------|-------------|-------------|
| Production staff | 6 | 6 |
| Administrative staff | 5 | 5 |
| Management staff | 3 | 3 |
| | 14 | 14 |

The aggregate payroll costs incurred during the year, relating to the above, were:

| | 2022 £000 | 2021 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 401 | 311 |
| Social security costs | 37 | 25 |
| Other pension costs | 35 | 33 |
| | 473 | 369 |

10. Other interest receivable and similar income

| | 2022 £000 | 2021 £000 |
|---------------------------------------|--------------|--------------|
| Interest on cash and cash equivalents | 16 | 16 |

11. Interest payable and similar expenses

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Interest on banks loans and overdrafts | 1 | 1 |

BELLESGROVE CERAMICS PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

12. Tax on (loss)/profit

Major components of tax expense

| | 2022 £000 | 2021 £000 |
|-----------------------------|--------------|--------------|
| Current tax: | | |
| UK current tax expense | — | 4 |
| Tax on (loss)/profit | <u>—</u> | <u>4</u> |

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| (Loss)/profit on ordinary activities before taxation | (22) | 102 |
| (Loss)/profit on ordinary activities by rate of tax | (4) | 23 |
| Effect of capital allowances and depreciation | 3 | 4 |
| Utilisation of tax losses | 1 | (23) |
| Tax on (loss)/profit | <u>—</u> | <u>4</u> |

13. Tangible assets

| | Land and buildings £000 | Improvements £000 | Plant and machinery £000 | Motor vehicles £000 | Equipment £000 | Total £000 |
|------------------------|----------------------------|----------------------|-----------------------------|------------------------|-------------------|---------------|
| Cost | | | | | | |
| At 1 Jan 2022 | 693 | 159 | 305 | 196 | 815 | 2,168 |
| Additions | — | 4 | — | — | 2 | 6 |
| At 31 Dec 2022 | <u>693</u> | <u>163</u> | <u>305</u> | <u>196</u> | <u>817</u> | <u>2,174</u> |
| Depreciation | | | | | | |
| At 1 Jan 2022 | 239 | 155 | 287 | 196 | 798 | 1,675 |
| Charge for the year | 10 | 3 | 2 | — | 9 | 24 |
| At 31 Dec 2022 | <u>249</u> | <u>158</u> | <u>289</u> | <u>196</u> | <u>807</u> | <u>1,699</u> |
| Carrying amount | | | | | | |
| At 31 Dec 2022 | <u>444</u> | <u>5</u> | <u>16</u> | <u>—</u> | <u>10</u> | <u>475</u> |
| At 31 Dec 2021 | <u>454</u> | <u>4</u> | <u>18</u> | <u>—</u> | <u>17</u> | <u>493</u> |

14. Stocks

| | 2022 £000 | 2021 £000 |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | <u>640</u> | <u>673</u> |

BELLESGROVE CERAMICS PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2022

15. Debtors

| | 2022 £000 | 2021 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 137 | 89 |
| Amounts owed by group undertakings | 363 | 344 |
| Prepayments and accrued income | 26 | 29 |
| Other debtors | 1 | – |
| | <u>527</u> | <u>462</u> |

16. Creditors: amounts falling due within one year

| | 2022 £000 | 2021 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 131 | 173 |
| Amounts owed to group undertakings | 210 | 339 |
| Accruals and deferred income | 25 | 26 |
| Corporation tax | – | 4 |
| Social security and other taxes | 87 | 79 |
| Other creditors | 114 | 120 |
| | <u>567</u> | <u>741</u> |

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £34,903 (2021: £32,979).

18. Government grants

The amounts recognised in the financial statements for government grants are as follows:

| | 2022 £000 | 2021 £000 |
|---|--------------|--------------|
| Recognised in other operating income: | | |
| Government grants recognised directly in income | <u>12</u> | <u>74</u> |

19. Called up share capital

Issued, called up and fully paid

| | 2022 | | 2021 | |
|---|------------------|------------------|------------------|------------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 500,000 | 500,000 | 500,000 | 500,000 |
| Redeemable Preference shares of £1 each | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> |

BELLESGROVE CERAMICS PLC

NOTES TO THE DETAILED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2022

| | 2022 | 2021 |
|--|------|------|
| | £000 | £000 |

20. Reserves

Retained Earnings

Retained earnings represent cumulative profits and losses net of dividends paid and other adjustments.

Included in retained earnings is a revaluation reserve that represents the difference between the retained book value of land and buildings, previously valued at 1st February 1999 and the original cost.

21. Analysis of changes in net debt

| | At 1 Jan 2022 | Cash flows | At 31 Dec 2022 |
|--------------------------|---------------|-------------|-------------------|
| | £000 | £000 | £000 |
| Cash at bank and in hand | 358 | (210) | 148 |
| Debt due within one year | (339) | 129 | (210) |
| | <u>19</u> | <u>(81)</u> | <u>(62)</u> |

22. Controlling party

The immediate parent undertaking is Gruppo Ceramiche Ricchetti SpA, a company registered in Italy. The ultimate parent undertaking and controlling party is QR Partners S.r.l. a company registered in Italy, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of QR Partners S.r.l. and Gruppo Ceramiche Ricchetti SpA's consolidated financial statements can be obtained from the Company Secretary, Bellegrave Ceramics Plc, Bellegrave House, 651-661 Princes Road, Dartford, Kent, DA2 6EF.