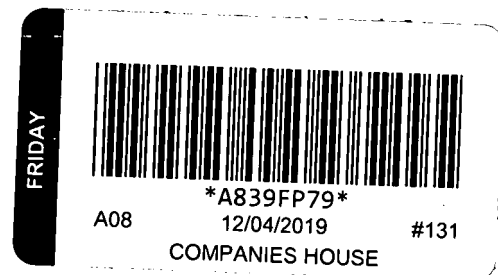


Registration number: SC108010

Porcelanosa (Scotland) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Porcelanosa (Scotland) Limited

Company Information

Director S Segarra

Company secretary D Shah

Registered office 2 Rocep Drive
Braehead
Renfrew
PA4 8YT

Solicitors DLA Piper Rudnick Gray Cary UK LLP
3 Noble Street
London
EC2V 7EE

Bankers Banco de Sabadell S.A.
The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AB

Auditor Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Porcelanosa (Scotland) Limited

Strategic Report for the Year Ended 31 December 2018

The director presents his strategic report for the year ended 31 December 2018.

Principal activity

The principal activity of the company is the distribution and retail of ceramic wall and floor tiles, hardwood, bathroom furniture and kitchens.

Fair review of the business

The business continued to focus on sales across all sectors during the year.

Tight control of overheads has successfully reduced costs compared to 2017, which has enabled the company to continue to deliver a strong operating profit result for the year despite the challenges in the marketplace.

The outlook for 2019 is expected to demonstrate a return to continued growth across all sectors.

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

| | Unit | 2018 | 2017 |
|---------------------|------|--------|--------|
| Turnover | £000 | 15,372 | 16,725 |
| Gross profit margin | % | 36 | 35 |
| Operating profit | £000 | 452 | 565 |

Future developments

The director does not anticipate any significant changes in the activities of the company in the foreseeable future.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The director has set out below the principal risks facing the business.

The director is of the opinion that the risk management processes adopted, which involve the review, monitoring and, where possible, the mitigation of the risks identified below, are appropriate to the business.

Competition

The markets in which the company operates are highly competitive. As a result there is constant pressure on margins. Policies of constant price monitoring and ongoing market research, combined with the development of new markets and new products, are in place to mitigate such risks.

People

The success of the company is largely dependent upon the recruitment and retention of our employees. There are training programmes and remuneration schemes in place to mitigate the risk of the absence of suitable staff resources.

Exit from the European Union

As the United Kingdom government looks to finalise its negotiations with the European Union over the future relationship of the two parties, the company continues to develop its business in the UK and to invest both in terms of financial and human resources to ensure we remain competitive and innovative.

Porcelanosa (Scotland) Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Financial risks

The company finances its activities with a combination of bank borrowings, and cash generated from operations. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

The main financial risks facing the business are the availability of funds to meet business needs, credit risk in respect of customer receivables, and the effect of fluctuations in foreign exchange rates and interest rates.

The director is confident that the banking facilities currently in place are more than adequate for the company's working capital requirements. The company is not exposed to any significant currency risks. The director is satisfied that credit risk is adequately managed.

Approved by the director on 11/04/19 and signed on its behalf by:



.....
D Shah
Company secretary

Porcelanosa (Scotland) Limited

Director's Report for the Year Ended 31 December 2018

The director presents his report and the financial statements for the year ended 31 December 2018.

Director of the company

The director, who held office during the year, was as follows:

S Segarra

Dividends

The director does not recommend the payment of a dividend (2017 - £nil).

Going concern

The director has received notice from Porcelanosa S.A. and Venis S.A., significant shareholders of Porcelanosa UK Limited, that they will support the operational needs of Porcelanosa (Scotland) Limited for the twelve months following the date of signing these financial statements in order to allow it to meet its liabilities as and when they fall due unless circumstances change in a manner such as it would or might no longer be open for them to provide such financial support.

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Director's liabilities

The company has granted an indemnity to its director against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report.

Disclosure of information to the auditor

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Disclosure requirements

In accordance with the Companies Act 2006, section 414C(11), the company's Strategic Report contains certain disclosures required in the Director's Report.

Approved by the director on 11/01/19 and signed on its behalf by:



.....
D Shah
Company secretary

Porcelanosa (Scotland) Limited

Statement of Director's Responsibilities

The director is responsible for preparing the Strategic Report, Director's Report and the Financial Statements in accordance with applicable UK law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Independent Auditor's Report to the Members of Porcelanosa (Scotland) Limited

Opinion

We have audited the financial statements of Porcelanosa (Scotland) Limited for the year ended 31 December 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 23, 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Porcelanosa (Scotland) Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's 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 Director's Report.

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

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

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities (set out on page 5), the director is 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 director determines 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 director is 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 director either intends 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

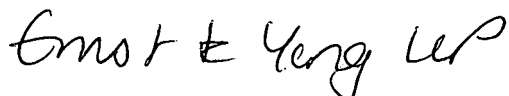
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Porcelanosa (Scotland) Limited (continued)

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.



.....
Mandip Dosanjh (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 11/4/19

Porcelanosa (Scotland) Limited

Profit and Loss Account for the Year Ended 31 December 2018

| | Note | 2018 £ 000 | 2017 £ 000 |
|--|------|-------------------|---------------------|
| Turnover | 4 | 15,372 | 16,725 |
| Cost of sales | | <u>(9,779)</u> | <u>(10,950)</u> |
| Gross profit | | 5,593 | 5,775 |
| Administrative expenses | | <u>(5,141)</u> | <u>(5,210)</u> |
| Operating profit | 5 | 452 | 565 |
| Other interest receivable and similar income | 9 | <u>2</u> | <u>1</u> |
| Profit on ordinary activities before tax | | 454 | 566 |
| Tax on profit on ordinary activities | 10 | <u>-</u> | <u>447</u> |
| Profit for the year | | <u><u>454</u></u> | <u><u>1,013</u></u> |

The above results were derived from continuing operations.

Statement of Comprehensive Income

The company has no other comprehensive income for the year other than the results above.

The notes on pages 12 to 32 form an integral part of these financial statements.

Porcelanosa (Scotland) Limited
(Registration number: SC108010)
Balance Sheet as at 31 December 2018

| | Note | 2018 £ 000 | 2017 £ 000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 11 | 829 | 803 |
| Current assets | | | |
| Stocks | 12 | 2,469 | 2,444 |
| Debtors | 13 | 2,023 | 1,878 |
| Cash at bank and in hand | 14 | 983 | 1,060 |
| | | <u>5,475</u> | <u>5,382</u> |
| Creditors: Amounts falling due within one year | 15 | <u>(2,596)</u> | <u>(2,931)</u> |
| Net current assets | | <u>2,879</u> | <u>2,451</u> |
| Net assets | | <u>3,708</u> | <u>3,254</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 1 | 1 |
| Profit and loss account | | <u>3,707</u> | <u>3,253</u> |
| Shareholders' funds | | <u>3,708</u> | <u>3,254</u> |

These financial statements were approved and authorised for issue by the director on 11/4/19

.....
S Segarra
Director

Porcelanosa (Scotland) Limited

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

| | Share capital £ 000 | Retained earnings £ 000 | Total £ 000 |
|---------------------|------------------------|-------------------------------|----------------|
| At 1 January 2018 | 1 | 3,253 | 3,254 |
| Profit for the year | - | 454 | 454 |
| At 31 December 2018 | 1 | 3,707 | 3,708 |

| | Share capital £ 000 | Retained earnings £ 000 | Total £ 000 |
|---------------------|------------------------|-------------------------------|----------------|
| At 1 January 2017 | 1 | 2,240 | 2,241 |
| Profit for the year | - | 1,013 | 1,013 |
| At 31 December 2017 | 1 | 3,253 | 3,254 |

The notes on pages 12 to 32 form an integral part of these financial statements.

Porcelanosa (Scotland) Limited

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

1 General information

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

The address of its registered office is:

2 Rocep Drive
Braehead
Renfrew
PA4 8YT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Basis of preparation

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

The company's financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated. Sterling is the company's functional currency.

The results of Porcelanosa (Scotland) Limited are included in the consolidated financial statements of Porcelanosa U.K. Limited.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions in FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures'
- the requirements of Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information
- the requirements of IAS 7, 'Statement of cash flows'
- the requirements of Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- the requirements of Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation)
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- the requirements of the following paragraphs of IAS 1 'Presentation of financial statements':
 - (i) 10(d), (statement of cash flows)
 - (ii) 10(f), (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
 - (iii) 16 (statement of compliance with IFRS)
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements)
 - (v) 38B-D (additional comparative information)
 - (vi) 40A-D (requirements for a third statement of financial position)
 - (vii) 111 (cash flow statement information), and
 - (viii) 134-136 (capital management disclosures).

Going concern

The director has received notice from Porcelanosa S.A. and Venis S.A., significant shareholders of Porcelanosa UK Limited, that they will support the operational needs of Porcelanosa (Scotland) Limited for the twelve months following the date of signing these financial statements in order to allow it to meet its liabilities as and when they fall due unless circumstances change in a manner such as it would or might no longer be open for them to provide such financial support.

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the financial statements.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2018 and have had an effect on the financial statements:

IFRS 15 Revenue from Contracts with Customers

The company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The standard has resulted in clarification of the revenue recognition accounting policies as detailed below.

IFRS 15 establishes a five step model to account for revenues arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring services or goods to a customer. However, no adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018) and the beginning of the earliest period presented (1 January 2017).

The company has voluntarily changed the presentation of certain amounts in the balance sheet to reflect the terminology IFRS 15. Contract liabilities in relation to deposits received on contracts were previously included in other creditors (£447,000 as at 31 December 2017; £646,000 as at 1 January 2017).

IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in the clarification of the accounting policies, which are set out below, but no changes in the amounts included in the financial statements. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The company's trade receivables for sales of stock are subject to IFRS 9's new expected credit loss model, and the company was required to revise its impairment methodology under IFRS 9 for this class of assets. The impact of the change in impairment methodology on the company's retained earnings and equity is not considered to be material.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was also considered to be immaterial.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

IFRS 16 Leases

IFRS16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires the lessees to account for all leases in the Statement of Financial Position in a similar way to the accounting treatment prescribed in IAS17 for finance leases. The company is continuing to evaluate the impact of adopting IFRS 16, and expects the new standard to have a significant impact on the financial statements. The company expects to apply the modified retrospective approach, with an adjustment to equity at 1 January 2019 and no adjustment to comparatives.

Transition will require the company's lease arrangements to be presented in the Balance Sheet, and adoption will impact on noncurrent assets and liabilities, together with certain measures of profitability.

Following transition IFRS16 will, at the commencement of a new lease, require the lessee to recognise a liability for future lease payments, and an intangible asset representing the right to use that asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability, and the amortisation expense on the right of use asset in profit and loss account.

Disclosure of the nature of the company's existing operating leases, as well as the aggregate of the company's operating lease commitments on a gross basis is provided in note 16 to these financial statements.

Revenue recognition

Recognition

The company earns revenue from the sale of the sale of kitchen and bathroom furniture and tiles through retail stores and directly to house builders, developers and other trade customers. 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 5 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

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the sale of products:

- For fixed price point of sale - revenue is recognised when we transfer control and performance obligations are met at the point of sale to the customer in the retail store, or on delivery of product to customer.
- For deposit and subsequent balance - the deposit and subsequent balance due is recognised as revenue on the delivery of final goods to customer.

Performance obligations

Revenue from the sale of goods through its retail stores is recognised when the company sells a product to the customer.

Revenue from the sale of goods through trade channels to house builders, developers and other trades is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the trade customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Transaction price

For retail store sales, the transaction price is the retail price of the product less discounts / offers and value added taxes.

Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery. Retail sales are usually in cash or by debit/ credit cards. It is the company's policy to sell its products to the end customer with a right of return within 28 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

For trade sales, the revenue is recognised based on the price specified in the contract, net of any discounts agreed. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision where material.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, Contract assets are recognised. Contract assets are included in the Balance Sheet and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the Balance Sheet when the company's right to consideration becomes unconditional.

Contract assets & receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the Balance Sheet when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Interest income and expenses policy

Interest income consists of income from cash investments and equivalents. Interest income is recognised in the profit and loss account when earned, using the effective interest method.

Interest expenses costs consist of interest payable on borrowings calculated using the effective interest method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currency transactions and balances

Profit and loss account transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account, except when deferred in other comprehensive income as qualifying cash flow hedges.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated in the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tangible assets

Property, plant and equipment is stated in the Balance Sheet at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

Depreciation

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 method and rate |
|---------------------|---------------------------------|
| Motor vehicles | 25% straight line basis |
| Plant and machinery | 5% to 33.3% straight line basis |

Assets under construction are depreciated once the asset is available for use in accordance with the class of assets to which it relates.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the profit and loss account.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment is recognised immediately in the profit or loss account, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset – recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

However there are no instruments which have been classified under this category.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

(b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is 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.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see note (a) and (b) above)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

The company has no financial assets measured at fair value through profit or loss.

Impairment of financial assets

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- (a) *Financial liabilities at fair value through profit or loss*
- (b) *Loans and borrowings*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise 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 debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stock

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Cost includes purchase price, including import duties, transport and handling costs, calculated on a consistent basis which excludes periodic trade discounts on certain lines specified at manufacture.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, 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.

Porcelanosa (Scotland) Limited

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

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. The estimates and assumptions made in arriving at the carrying amount of assets and liabilities are:

Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with an assessment of the effect of future tax planning strategies.

Allowance for estimated irrecoverable debtors

Allowances for estimated irrecoverable debtors are determined using a combination of factors to ensure that trade debtors are not overstated due to uncertainty of recoverability. The allowance for estimated irrecoverable debtors for all customers is based on a variety of factors, including the overall quality and ageing of receivables and continuing credit evaluation of the customer's financial conditions. Also, specific allowances for individual accounts are recorded when the company becomes aware of the customer's inability to meet its financial obligations.

Stock provisioning

The company's product range is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of stock and associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods.

There are no significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

4 Turnover

All revenue relates to one class of business in the UK. The analysis of the company's turnover for the year from continuing operations is as follows:

| | 2018 £ 000 | 2017 £ 000 |
|---------------|---------------|---------------|
| Sale of goods | 15,372 | 16,725 |

Porcelanosa (Scotland) Limited

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

4 Turnover (continued)

Performance obligations are specified within contracts with customers.

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

| | 2018 £ 000 | 2017 £ 000 |
|----|---------------|---------------|
| UK | <u>15,372</u> | <u>16,725</u> |

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

Current assets and liabilities

| | 2018 £ 000 | 2017 £ 000 |
|--------------------------------|---------------|---------------|
| Contract liabilities (note 15) | <u>(628)</u> | <u>(447)</u> |

Revenue recognised in the period from:

| | 2018 £ 000 | 2017 £ 000 |
|---|---------------|---------------|
| Amounts included in contract liability at the beginning of the period | <u>447</u> | <u>646</u> |

5 Operating profit

Arrived at after charging/(crediting)

| | 2018 £ 000 | 2017 £ 000 |
|---|---------------|---------------|
| Depreciation expense | 188 | 202 |
| Write-down of stock to net realisable value | (38) | 29 |
| Foreign exchange losses/(gains) | 2 | (1) |
| Operating lease expense - property | 331 | 250 |
| Operating lease expense - plant and machinery | 62 | 62 |
| Profit on disposal of property, plant and equipment | <u>(87)</u> | <u>(2)</u> |

Porcelanosa (Scotland) Limited

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

6 Auditor's remuneration

| | 2018 £ 000 | 2017 £ 000 |
|-----------------------------------|---------------|---------------|
| Audit of the financial statements | 11 | 10 |
| Other fees to auditor | | |
| Taxation compliance services | 3 | 2 |

7 Staff costs

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

| | 2018 £ 000 | 2017 £ 000 |
|--|---------------|---------------|
| Wages and salaries | 1,834 | 1,941 |
| Social security costs | 205 | 194 |
| Pension costs, defined contribution scheme | 22 | 13 |
| | <u>2,061</u> | <u>2,148</u> |

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

| | 2018 No. | 2017 No. |
|-------------------------------|-------------|-------------|
| Sales and merchandising | 38 | 30 |
| Warehouse and distribution | 18 | 20 |
| Management and administration | 10 | 19 |
| | <u>66</u> | <u>69</u> |

8 Director's remuneration

Remuneration for the director has been borne by a related company. The director is also a director or officer of a number of the companies within the Porcelanosa UK Group. His director's services to the company do not occupy a significant amount of his time. As such the director does not consider that he has received any remuneration for his incidental services to the company for the year.

Porcelanosa (Scotland) Limited

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

9 Other interest receivable and similar income

| | 2018 £ 000 | 2017 £ 000 |
|----------------------------------|---------------|---------------|
| Interest income on bank deposits | 2 | 1 |

10 Income tax

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

| | 2018 £ 000 | 2017 £ 000 |
|--|---------------|---------------|
| Current taxation | | |
| UK corporation tax | - | - |
| Deferred taxation | | |
| Arising from origination and reversal of temporary differences | - | (457) |
| Arising from changes in tax rates and laws | - | 10 |
| Total deferred taxation | - | (447) |
| Tax receipt in the profit and loss account | - | (447) |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

| | 2018 £ 000 | 2017 £ 000 |
|---|---------------|---------------|
| Profit before tax | 454 | 566 |
| Corporation tax at standard rate | 86 | 109 |
| Expenses not deductible | 8 | 17 |
| Amounts not recognised | (94) | (583) |
| Deferred tax relating to changes in tax rates | - | 10 |
| Total tax credit | - | (447) |

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

Porcelanosa (Scotland) Limited

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

10 Income tax (continued)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2017). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

Deferred tax assets

| | Asset £ 000 |
|---------------------------|----------------|
| 2018 | |
| Tax losses carry-forwards | <u>447</u> |

| | Asset £ 000 |
|---------------------------|----------------|
| 2017 | |
| Tax losses carry-forwards | <u>447</u> |

Deferred tax movement during the year:

| | At At 1 January 2018 £ 000 | 31 December 2018 £ 000 |
|---------------------------|-------------------------------------|------------------------------|
| Tax losses carry-forwards | <u>447</u> | <u>447</u> |

Deferred tax movement during the prior year:

| | At 1 January 2017 £ 000 | Recognised in income £ 000 | At 31 December 2017 £ 000 |
|---------------------------|-------------------------------|----------------------------------|------------------------------------|
| Tax losses carry-forwards | <u>-</u> | <u>447</u> | <u>447</u> |

There are £42,000 of deductible temporary differences (2017 - £49,000), £203,000 of unused tax losses (2017 - £282,000) £436,000 of unused tax credits (2017 - £423,000) for which no deferred tax asset is recognised in the statement of financial position.

Porcelanosa (Scotland) Limited

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

11 Tangible assets

| | Motor vehicles £ 000 | Assets under construction £ 000 | Plant and machinery £ 000 | Total £ 000 |
|------------------------|----------------------------|---------------------------------------|---------------------------------|----------------|
| Cost | | | | |
| At 1 January 2018 | 11 | - | 3,322 | 3,333 |
| Additions | - | 94 | 129 | 223 |
| Disposals | - | - | (73) | (73) |
| At 31 December 2018 | 11 | 94 | 3,378 | 3,483 |
| Depreciation | | | | |
| At 1 January 2018 | 11 | - | 2,519 | 2,530 |
| Charge for the year | - | - | 188 | 188 |
| Eliminated on disposal | - | - | (64) | (64) |
| At 31 December 2018 | 11 | - | 2,643 | 2,654 |
| Carrying amount | | | | |
| At 31 December 2018 | - | 94 | 735 | 829 |
| At 31 December 2017 | - | - | 803 | 803 |

12 Stocks

| | 2018 £ 000 | 2017 £ 000 |
|-------------------------------------|---------------|---------------|
| Finished goods and goods for resale | 2,469 | 2,444 |

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying value.

The cost of stocks recognised as an expense in the year amounted to £9,816,000 (2017 - £10,921,000). This is included within cost of sales.

The amount of write-down of stocks recognised as an expense in the year is £Nil (2017 - £29,000). This is included within cost of sales.

The amount of write-down of stocks reversed through expenses in the year is £38,000 (2017 - £Nil). This is included within cost of sales.

Porcelanosa (Scotland) Limited

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

13 Debtors

| | 2018 £ 000 | 2017 £ 000 |
|-------------------------------|---------------|---------------|
| Trade debtors | 1,418 | 1,345 |
| Prepayments | 158 | 86 |
| Deferred tax assets (note 10) | 447 | 447 |
| | <u>2,023</u> | <u>1,878</u> |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The amount of write-down of trade debtors recognised as an expense in the year was £46,000 (2017 - £106,000). This is included in administrative expenses.

Trade debtors are stated after provisions for impairment of £52,000 (2017 - £49,000).

14 Cash at bank and in hand

| | 2018 £ 000 | 2017 £ 000 |
|--|---------------|---------------|
| Cash at bank | <u>983</u> | <u>1,060</u> |
| Cash at bank includes: | | |
| | 2018 £ 000 | 2017 £ 000 |
| Cash held in a group cash pooling facility | <u>952</u> | <u>1,048</u> |

The balance above is held in a group cash pooling facility which is managed by the parent company, Porcelanosa U.K.Limited. Interest is receivable on positive balances, or payable on overdrawn balances, monthly calculated at the Bank of England base rate plus 0.75%.

Porcelanosa (Scotland) Limited

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

15 Creditors: amounts falling due within one year

| | 2018 £ 000 | 2017 £ 000 |
|---------------------------------------|---------------|---------------|
| Trade creditors | 203 | 226 |
| Amounts payable to group undertakings | 809 | 1,416 |
| Group relief payable | 63 | 63 |
| Social security and other taxes | 424 | 371 |
| Other creditors | 469 | 408 |
| Contract liabilities (note 4) | 628 | 447 |
| | <u>2,596</u> | <u>2,931</u> |

Trade creditors are not interest-bearing and are generally settled on 30 day terms. Amounts payable to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Obligations under leases

Operating leases

The total future value of minimum lease payments is as follows:

| | 2018 £ 000 | 2017 £ 000 |
|----------------------|---------------|---------------|
| Within one year | 101 | 67 |
| In two to five years | 108 | 41 |
| | <u>209</u> | <u>108</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £87,000 (2017 - £102,000).

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £22,000 (2017 - £13,000).

Porcelanosa (Scotland) Limited

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

18 Share capital

Authorised, allotted, called up and fully paid shares

| | 2018 | | 2017 | |
|----------------------------|----------|----------|----------|----------|
| | No. 000 | £ 000 | No. 000 | £ 000 |
| Ordinary shares of £1 each | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |

19 Reserves

Share capital

The balance classified as equity share capital includes the total net proceeds on issue of the company's equity shares.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

20 Dividends

The director is proposing a final dividend of £Nil (2017 - £Nil) per share totalling £Nil (2017 - £Nil).

21 Related party transactions

The company has taken advantage of the exemption under 8(k) of FRS 101 not to disclose transactions with fellow group wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties are as follows:

Summary of transactions with related parties

During the year the company entered into transactions, in the ordinary course of business, with connected parties of the significant shareholders.

Sales and purchases between related parties are made on an arms length basis.

Outstanding balances are unsecured, interest free and cash settlement is expected within 60 days of the invoice.

Expenditure with and payables to related parties

| 2018 | £ 000 |
|----------------------------------|--------------|
| Purchase of goods | <u>8,612</u> |
| Amounts payable to related party | <u>687</u> |

Porcelanosa (Scotland) Limited

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

21 Related party transactions (continued)

| 2017 | £ 000 |
|----------------------------------|-------|
| Purchase of goods | 9,458 |
| Amounts payable to related party | 1,381 |

22 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is Porcelanosa UK Limited.

These financial statements are available upon request from Companies House, Crown Way, Maindy, Cardiff.

23 Parent and ultimate parent undertaking

The company's immediate parent is Porcelanosa Group Limited. The ultimate parent and controlling party is Sorman SA, incorporated in Spain.

The most senior parent entity producing publicly available financial statements is Porcelanosa UK Limited. These financial statements are available upon request from Companies House, Crown Way, Maindy, Cardiff.