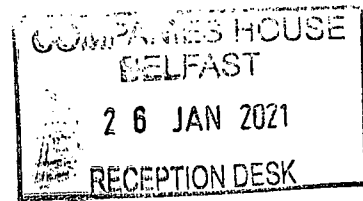


Company Registration No. 04134581 (England and Wales)

ANSELL ELECTRICAL PRODUCTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2020



ANSELL ELECTRICAL PRODUCTS LIMITED

COMPANY INFORMATION

Directors Mr M Carson
Mr R Endo
Mr Y Nakamura
Mr K Endo
Mr M S Abbott
Mr I Kikuchi
Mr A Chotai

Company number 04134581

Registered office Unit 6B, Stonecross Industrial Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

Auditor RSM UK Audit LLP
Chartered Accountants
Number One
Lanyon Quay
Belfast
BT1 3LG

Business address Unit 6B, Stonecross Industrial Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

Bankers Danske Bank
Donegall Square West
Belfast
BT1 6JS
N Ireland

Santander
7th Floor
No.4 St Paul's Square
Liverpool
L3 9SJ

Solicitors Worthingtons Solicitors
24 - 38 Gordon Street
Belfast
BT1 2LG

ANSELL ELECTRICAL PRODUCTS LIMITED

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ANSELL ELECTRICAL PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors present the strategic report for the year ended 31 January 2020.

Fair review of the business

Our aim is to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that may arise.

Principal risks and uncertainties

The wholesale of electrical lighting products continues to be competitive with new companies entering the market for LED lighting. The company seeks to maintain an advantage over its competitors by maintaining a strong product design resource to ensure its product range is continually renewed and updated. The company has also allocated resources to ensure that it can react and profit from innovations in the lighting market and to enhance the Ansell brand.

Through our facility in China the company maintains close relationships with a number of traditional suppliers and sources new suppliers to work in partnership to develop our product range.

The company is aware of the necessity to maintain its high level of service to its customers as the business continues to expand and a principal element of this is to invest in the necessary levels of stockholding.

The company also recognises the risk posed to maintaining its margins by volatility in the foreign currency markets as the company purchases a significant proportion of its products in a currency other than sterling. The company, however, will keep its pricing policies under review and is confident that its close relationship with its suppliers will also enable it to source its products at an acceptable cost.

Analysis of development and performance

During the year the company further developed its range of LED Lighting and smart lighting controls. The directors are satisfied that this continues to be well received by the market and that the company continues to maintain its good relationships with its key customers and customer buying groups.

The company has strengthened its management structures and systems to ensure these are adequate to meet the needs of the company in a period of growth.

To facilitate the increase in sales during the year the company has invested in extra resources across the whole business and the directors are satisfied that this was in line with maintaining the company's level of profitability.

Analysis based on key performance indicators

We consider our key performance indicators are turnover, gross margin, profit after taxation and growth in shareholders' funds.

The performance of the company is as follows:

| | 2020 | 2019 |
|--|--------|--------|
| | £'000 | £'000 |
| Turnover | 70,800 | 62,143 |
| Gross margins after distribution costs | 26.9% | 27.8% |
| Profit after taxation | 8,090 | 6,289 |
| Equity shareholders' funds | 37,369 | 29,279 |

The directors are pleased to report satisfactory results across all key performance indicators for the year ended 31 January 2020. Turnover increased by 14% due to continued growth of the business with fellow Endo Lighting Corporation companies and external customers. Gross margin for year ended 31 January 2020 is marginally below that for the year ended 31 January 2019.

ANSELL ELECTRICAL PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Other key performance indicators

Human Resources and Employee Involvement

The company encourages Employee involvement at all levels in the business and an HR Director was appointed at the start of the year to further enhance this aspect of the company's activities.

The Senior Management Team has worked closely with the middle managers to enhance their knowledge of the wider business operations to promote an ethos of working together and in the past year has organised manager training to enhance the interaction of middle managers with the other staff in the business. In addition the Company has supported the further development of its employees through external and internal training courses including the support of NVQs in a number of areas. During the year 3 people completed their Level 3 NVQs which were all funded by Ansell.

Environment

During the year the Company formed a Green team task force. The responsibility of the Green team is to encourage environmentally sustainable practices and generate ideas on what the company can do to be more energy efficient and how they can reduce the use of single-use plastics. The company is subject to the Packaging Waste regulations and ensures that as much as possible of its waste packaging is recycled.

Health & Safety

The directors are committed to ensuring the highest possible safety standards while ensuring compliance with applicable legislation. A comprehensive induction programme is delivered at the outset of employment for all staff and a Health and Safety management system is adequately supported with the provision of sufficient financial resources, management, training and expertise. The aim of the management system is to provide a safe work environment for all workers, ensuring that hazards are minimised to an acceptable level.

The HSE Officer regularly reports to the company board on Health and Safety issues.

S172 Statement

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in S172 of the UK Companies Act 2006.

Our Purpose, strategy and consideration of decisions for the long term

Our purpose is to be the leading manufacturer of quality internal and external lighting solutions for commercial, industrial, retail and domestic applications. The Company's strategy is outlined in pages 1-3. At our 8 board meetings in the year, together with our approvals sought between Board meetings, two of our key considerations have been our strategy and how our business should evolve to react to the needs of electrical contractors, lighting specifiers, architects and end users.

During the year the Board completed a full strategic review and approved a three year plan to January 2023, following a comprehensive review of our strategic priorities and risks to our business. Our plans are ambitious but will position the company well against our longer term value creation vision whilst honouring our commitments to our stakeholders. The material risks and how we are managing these are set out on page 1.

During the year the Board approved fixed asset investments of £872,357 the largest project was the renovation of the Warrington offices and showroom. This has provided an improved and more flexible workplace for our employees and enhanced showroom for customers. This is aligned to our long term growth strategies. All fixed assets were funded from within existing cash reserves.

Our Culture

During the year the Company formally launched its values to all of its employees. These values were created through consultation with employees in the Company.

Engaging with our employees

Being a relatively small company of 153 employees operating principally in one location (or remotely), there is a high level of visibility of the Directors and the Senior Management Team. For those workers operating remotely we have regular communications including face to face meeting with their teams and line manager.

ANSELL ELECTRICAL PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Risk Management

Consideration of risks is an integral part of how the Company operates on a daily basis. As the Company grows to meet its strategic objectives, it is vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. For details of our principle risks and uncertainties, and how we manage our risk environment see page 1.

Business Relationships

The growth of the business will be driven by continued growth with our existing customers. We seek regular feedback from our customers throughout the year - this includes day to day contact through our Area Sales Managers or at strategic level with Directors. During the year the Company was awarded 5 awards for supplier of the year. We value all of our suppliers with many being long standing suppliers to the Company. We hold regular communications with them and continue to work with them on new product development. For those manufacturing products we will ensure we visit both their offices and their production facilities including those suppliers in the Far East.

Community and Environment

The Company looks to support the community through its charitable giving's and support of the Warrington & Vale Royal College trainee electricians. As noted on page 2 Ansell formed a Green Team task force to help reduce its impact on the Environment.

On behalf of the board



Mr M Carson
Director



Mr M S Abbott
Director

Date: 27-04-2020

ANSELL ELECTRICAL PRODUCTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

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

Principal activities

The principal activity of the company continued to be that of the wholesale of electrical lighting products.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M Carson
Mr R Endo
Mr Y Nakamura
Mr K Endo
Mr M S Abbott
Mr I Kikuchi
Mr A Chotai

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in commodity prices, exchange rates, interest rate risk, credit risk and liquidity risk. The company's overall risk management programme seeks to minimise the potential adverse effects on the company's financial performance. Given the size and structure of the company, the directors have not delegated the responsibility of monitoring financial risk management but instead set the policies that are then implemented by the company.

Interest rate risk

The company has interest based assets which bear interest at variable rates. The costs of managing our exposure to this risk are considered to exceed any potential benefits. The directors regularly revisit the appropriateness of this policy should there be a material change.

Foreign currency risk

The company is exposed to foreign exchange risk in its normal course of business.

Credit risk

The company has implemented the policy that we require credit checks to be performed on all potential customers before any sales are made. The amount of exposure to individual customers is monitored regularly by the company.

Commodity price risk

The company is exposed to some commodity price risk as a result of its operations in various sectors. The costs of managing our exposure to this risk are considered to exceed any potential benefits. The directors regularly revisit the appropriateness of this policy should there be a material change in our size or operations.

Research and development

The company is involved in Research and Development of existing and new product lines. This helps keep the company up to date with customer demands and safety standards.

ANSELL ELECTRICAL PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Future developments

The directors will continue to identify and develop new business opportunities and products within the industry sector with the view to continued growth and plan to further develop opportunities beyond the UK market in the 2020/21 financial year. The directors believe that the strength of the company's range of products will continue to impact on the company's performance in the forthcoming financial year and the planned introduction in April 2020 of further new, innovative products will enhance the company's product range. In the directors' opinion the strength of the company's products and levels of customer service provide the company with a basis for continuing to grow its sales in the coming year. The company will also work closely with its suppliers to maintain the gross margin while still offering good value and high quality products to customers. Following the limited extension to the company's warehousing and office facilities at its Stonecross premises in the summer of 2016, renovations to the site in 2019 and also the ongoing introduction of new IT systems the company is confident that it will have the facilities to support its planned further expansion in the 2020/21 financial year.

Brexit

The Directors have taken steps to ensure appropriate provisions are in place within the Company's supply chain and distribution channels to ensure continuity of service. The Directors will review and consider foreign currency volatility in light of its risk appetite and put in place appropriate measures if considered appropriate.

Coronavirus (COVID-19)

Post year end the Company has been impacted by the virus in a number of ways including:

- Delays in receiving stock from suppliers in China;
- Change in operating model to facilitate working from home and flexible working patterns; and
- Reduction in demand

Due to the Company's large stock holding it was able to mitigate any stock outages due to delays in inbound products. Since mid-March all key suppliers in China were fully operational with the Company forecasting no stock shortages after corrective actions.

Due to the Company's strong balance sheet which comprises £36.7m of net current assets and its flexible business model, the Directors consider it is well placed to manage through a wide range of scenarios including any significant macro-economic downturn which results in reduced demand or a reduction in supplies.

The Directors will continue to regularly review the potential impact of the virus and other potential pandemics.

Business Relationships

The growth of the business will be driven by continued growth with our existing customers. We seek regular feedback from our customers throughout the year - this includes day to day contact through our Area Sales Managers or at strategic level with Directors. During the year the Company was awarded 5 awards for supplier of the year. We value all of our suppliers with many being long standing suppliers to the Company. We hold regular communications with them and continue to work with them on new product development. For those manufacturing products we will ensure we visit both their offices and their production facilities including those suppliers in the Far East.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ANSELL ELECTRICAL PRODUCTS LIMITED

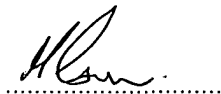
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr M Carson
Director



Mr M S Abbott
Director

Date: 27-04-2020

ANSELL ELECTRICAL PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANSELL ELECTRICAL PRODUCTS LIMITED

Opinion

We have audited the financial statements of Ansell Electrical Products Limited (the 'company') for the year ended 31 January 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 January 2020 and of its profit 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

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANSELL ELECTRICAL PRODUCTS LIMITED (CONTINUED)

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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

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

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Michael Scofield (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Number One
Lanyon Quay
Belfast
BT1 3LG
27/04/20

ANSELL ELECTRICAL PRODUCTS LIMITED


STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2020

| | | 2020 £ | 2019 £ |
|--|-----------|-------------------------|-------------------------|
| Turnover | 3 | 70,800,253 | 62,143,008 |
| Cost of sales | | (49,625,623) | (42,793,388) |
| Gross profit | | <u>21,174,630</u> | <u>19,349,620</u> |
| Distribution costs | | (2,157,217) | (2,051,353) |
| Administrative expenses | | (9,880,282) | (9,469,385) |
| Exceptional patent charge | 4 | 686,458 | - |
| Operating profit | 7 | <u>9,823,589</u> | <u>7,828,882</u> |
| Interest receivable and similar income | 9 | 112,496 | 50,937 |
| Interest payable and similar expenses | 10 | (34,469) | (11,169) |
| Profit before taxation | | <u>9,901,616</u> | <u>7,868,650</u> |
| Tax on profit | 11 | (1,811,713) | (1,579,962) |
| Profit for the financial year | | <u><u>8,089,903</u></u> | <u><u>6,288,688</u></u> |

ANSELL ELECTRICAL PRODUCTS LIMITED**BALANCE SHEET****AS AT 31 JANUARY 2020**

| | Notes | 2020 | | 2019 | |
|---|-------|--------------|--------------------------|--------------|--------------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 12 | | 150,416 | | - |
| Tangible assets | 13 | | 1,731,853 | | 1,307,805 |
| Investments | 14 | | 129,044 | | 2,728 |
| | | | <u>2,011,313</u> | | <u>1,310,533</u> |
| Current assets | | | | | |
| Stocks | 16 | 14,119,670 | | 10,791,890 | |
| Debtors | 17 | 18,889,122 | | 17,888,681 | |
| Cash at bank and in hand | | 21,832,436 | | 19,026,287 | |
| | | | <u>54,841,228</u> | | <u>47,706,858</u> |
| Creditors: amounts falling due within one year | 18 | (18,155,379) | | (17,988,392) | |
| Net current assets | | | <u>36,685,849</u> | | <u>29,718,466</u> |
| Total assets less current liabilities | | | <u>38,697,162</u> | | <u>31,028,999</u> |
| Provisions for liabilities | 19 | | (1,328,654) | | (1,750,394) |
| Net assets | | | <u><u>37,368,508</u></u> | | <u><u>29,278,605</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 50,000 | | 50,000 |
| Profit and loss reserves | 23 | | 37,318,508 | | 29,228,605 |
| Total equity | | | <u><u>37,368,508</u></u> | | <u><u>29,278,605</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 27-04-2020 and are signed on its behalf by:



Mr M Carson
Director



Mr M S Abbott
Director

ANSELL ELECTRICAL PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2020

| | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|-------------------------------------|------------|
| Balance at 1 February 2018 | 50,000 | 22,939,917 | 22,989,917 |
| Year ended 31 January 2019: | | | |
| Profit and total comprehensive income for the year | - | 6,288,688 | 6,288,688 |
| Balance at 31 January 2019 | 50,000 | 29,228,605 | 29,278,605 |
| Year ended 31 January 2020: | | | |
| Profit and total comprehensive income for the year | - | 8,089,903 | 8,089,903 |
| Balance at 31 January 2020 | 50,000 | 37,318,508 | 37,368,508 |

ANSELL ELECTRICAL PRODUCTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

| | Notes | 2020 | | 2019 | |
|--|-------|--------------------|---|-------------------|---|
| | | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 24 | 4,954,111 | | 12,388,861 | |
| Interest paid | | (34,469) | | (11,169) | |
| Income taxes paid | | (1,105,973) | | (1,887,217) | |
| Net cash inflow from operating activities | | 3,813,669 | | 10,490,475 | |
| Investing activities | | | | | |
| Purchase of business | | - | | (2,728) | |
| Purchase of intangible assets | | (178,710) | | - | |
| Proceeds on disposal of intangibles | | 19,750 | | - | |
| Purchase of tangible fixed assets | | (872,357) | | (491,520) | |
| Proceeds on disposal of tangible fixed assets | | 37,617 | | - | |
| Additional share capital issued and acquired in subsidiary | | (126,316) | | - | |
| Interest received | | 112,496 | | 50,937 | |
| Net cash used in investing activities | | (1,007,520) | | (443,311) | |
| Net increase in cash and cash equivalents | | 2,806,149 | | 10,047,164 | |
| Cash and cash equivalents at beginning of year | | 19,026,287 | | 8,979,123 | |
| Cash and cash equivalents at end of year | | 21,832,436 | | 19,026,287 | |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

Company information

Ansell Electrical Products Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 6B, Stonecross Industrial Park, Yew Tree Way, Warrington, Cheshire, WA3 3JD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. The Company has reported profit before tax of £9.9m for the year to 31 January 2020, has net current assets £36.7m, of which £21.8m was cash and net assets of £37.4m. In arriving at its conclusion on going concern, the Directors have given due consideration to whether the resources above are sufficient to accommodate the principal risks and uncertainties faced by the Company. The Directors have given particular consideration to the risk and uncertainty caused by the Coronavirus (COVID-19) outbreak as a potential material uncertainty. The Director's developed a base case and extreme adverse scenario to assess how the virus could impact the Company in the future. The base case assumes a lockdown period of 3 months followed by an economic downturn, the extreme adverse scenario was a lockdown period of 12 months. Following this review, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---------------|-------------------|
| Certification | 20% straight line |
|---------------|-------------------|

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------|-------------------|
| Leasehold improvements | 10% straight line |
| Plant and machinery | 15% straight line |
| Fixtures, fittings & equipment | 20% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost is determined on a first in first out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Debtors recoverability

Estimates are made in respect of the recoverable value of trade and other debtors. When assessing the level of provisions required, factors including current trading experience, historical experience, the aging profile of debtors and the impact of COVID-19 have been considered. See note 17 for the net carrying amount of debtors.

Stock provision

Stock represents goods for resale and is measured at the lower of cost and net realisable value. Net realisable value is estimated selling prices in ordinary course of business, less the estimated costs necessary to make the sale. Provision is made for obsolete and slow moving stock based on current trading experience and the impact of COVID-19. See note 16 for the net carrying amount of stock.

Patent charge provision

The accounts include an estimated provision as detailed in Note 19 relating to the alleged infringement of patents. Whilst this estimate is based on best information available it is possible that the final amount payable may turn out to be different to the assessment taken at the time of approving these financial statements.

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Turnover analysed by class of business | | |
| Sale of goods | 70,800,253 | 62,143,008 |
| | <u>70,800,253</u> | <u>62,143,008</u> |
| | 2020 £ | 2019 £ |
| Other revenue | | |
| Interest income | 112,496 | 50,937 |
| | <u>112,496</u> | <u>50,937</u> |

The analysis of turnover by geographical analysis has not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the Company.

4 Exceptional costs/(income)

| | 2020 £ | 2019 £ |
|---------------------------|------------------|-----------|
| Exceptional patent charge | (686,458) | - |
| | <u>(686,458)</u> | <u>-</u> |

An exceptional patent charge has been recognised in the year relating to a provision which is detailed further in Note 19.

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2020 Number | 2019 Number |
|----------------|----------------|----------------|
| Sales | 45 | 48 |
| Production | 21 | 15 |
| Stores | 37 | 36 |
| Administration | 19 | 11 |
| Technical | 9 | 5 |
| Management | 3 | 3 |
| Product Design | 13 | 7 |
| Returns | 2 | 2 |
| Marketing | 4 | 4 |
| | <u>153</u> | <u>131</u> |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

5 Employees (Continued)

Their aggregate remuneration comprised:

| | 2020 £ | 2019 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 7,017,092 | 6,371,843 |
| Social security costs | 649,609 | 559,616 |
| Pension costs | 192,444 | 160,012 |
| | <u>7,859,145</u> | <u>7,091,471</u> |

6 Directors' remuneration

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 744,723 | 700,462 |
| Company pension contributions to defined contribution schemes | 24,776 | 17,672 |
| | <u>769,499</u> | <u>718,134</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 410,010 | 384,619 |
| Company pension contributions to defined contribution schemes | 10,681 | 9,103 |
| | <u>420,691</u> | <u>393,722</u> |

7 Operating profit

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange losses/(gains) | 173,475 | (164,572) |
| Research and development costs | 1,204,929 | 961,317 |
| Depreciation of owned tangible fixed assets | 416,071 | 366,814 |
| (Profit)/loss on disposal of tangible fixed assets | (5,379) | 28,614 |
| Amortisation of intangible assets | 8,544 | - |
| Operating lease charges | 514,426 | 562,038 |
| | <u>2,312,075</u> | <u>1,754,213</u> |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

| | | |
|--|------------------|------------------|
| 8 Auditor's remuneration | 2020 | 2019 |
| | £ | £ |
| Fees payable to the company's auditor and its associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 20,150 | 21,200 |
| For other services | | |
| Taxation compliance services | 1,800 | 4,650 |
| Other taxation services | 4,400 | 6,539 |
| Services relating to corporate finance transactions | 10,850 | - |
| All other non-audit services | 7,212 | 8,261 |
| | <u>24,262</u> | <u>19,450</u> |
| 9 Interest receivable and similar income | 2020 | 2019 |
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 112,496 | 50,937 |
| Investment income includes the following: | | |
| Interest on financial assets not measured at fair value through profit or loss | 112,496 | 50,937 |
| 10 Interest payable and similar expenses | 2020 | 2019 |
| | £ | £ |
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 34,469 | 11,169 |
| 11 Taxation | 2020 | 2019 |
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 1,811,255 | 1,529,977 |
| Adjustments in respect of prior periods | (87,549) | - |
| Other tax reliefs | - | 113,994 |
| Total current tax | <u>1,723,706</u> | <u>1,643,971</u> |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

11 Taxation (Continued)

| | | |
|--|------------------|------------------|
| Deferred tax | | |
| Origination and reversal of timing differences | 77,260 | (39,757) |
| Adjustment in respect of prior periods | 10,747 | (24,252) |
| | <u>88,007</u> | <u>(64,009)</u> |
| Total deferred tax | | |
| | <u>88,007</u> | <u>(64,009)</u> |
| Total tax charge | <u>1,811,713</u> | <u>1,579,962</u> |

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Profit before taxation | <u>9,901,616</u> | <u>7,868,650</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 1,881,307 | 1,495,044 |
| Tax effect of expenses that are not deductible in determining taxable profit | 10,489 | 7,550 |
| Adjustments in respect of prior years | (87,549) | - |
| Effect of change in corporation tax rate | (9,090) | 4,678 |
| Permanent capital allowances in excess of depreciation | 8,753 | 9,317 |
| Research and development tax credit | 16,202 | 126,282 |
| Under/(over) provided in prior years | (19,146) | (38,657) |
| Deferred tax adjustments in respect of prior years | 10,747 | (24,252) |
| | <u>1,811,713</u> | <u>1,579,962</u> |
| Taxation charge for the year | | |
| | <u>1,811,713</u> | <u>1,579,962</u> |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

12 Intangible fixed assets

| | Certification £ |
|------------------------------------|--------------------|
| Cost | |
| Additions - separately acquired | 178,710 |
| Disposals | (19,750) |
| At 31 January 2020 | <u>158,960</u> |
| Amortisation and impairment | |
| Amortisation charged for the year | 8,544 |
| At 31 January 2020 | <u>8,544</u> |
| Carrying amount | |
| At 31 January 2020 | <u>150,416</u> |
| At 31 January 2019 | <u>-</u> |

13 Tangible fixed assets

| | Leasehold improvements £ | Plant and machinery £ | Fixtures, fittings & equipment £ | Total £ |
|------------------------------------|--------------------------------|-----------------------------|---|------------------|
| Cost | | | | |
| At 1 February 2019 | 408,220 | 704,536 | 1,670,903 | 2,783,659 |
| Additions | 216,271 | 163,269 | 492,817 | 872,357 |
| Disposals | - | - | (37,618) | (37,618) |
| At 31 January 2020 | <u>624,491</u> | <u>867,805</u> | <u>2,126,102</u> | <u>3,618,398</u> |
| Depreciation and impairment | | | | |
| At 1 February 2019 | 147,235 | 345,368 | 983,251 | 1,475,854 |
| Depreciation charged in the year | 46,068 | 108,223 | 261,780 | 416,071 |
| Eliminated in respect of disposals | - | - | (5,380) | (5,380) |
| At 31 January 2020 | <u>193,303</u> | <u>453,591</u> | <u>1,239,651</u> | <u>1,886,545</u> |
| Carrying amount | | | | |
| At 31 January 2020 | <u>431,188</u> | <u>414,214</u> | <u>886,451</u> | <u>1,731,853</u> |
| At 31 January 2019 | <u>260,985</u> | <u>359,168</u> | <u>687,652</u> | <u>1,307,805</u> |

14 Fixed asset investments

| | Notes | 2020 £ | 2019 £ |
|-----------------------------|-------|----------------|--------------|
| Investments in subsidiaries | 15 | <u>129,044</u> | <u>2,728</u> |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

14 Fixed asset investments (Continued)

Movements in fixed asset investments

| | Shares in group undertakings £ |
|--|---|
| Cost or valuation | |
| At 1 February 2019 | 2,728 |
| Additional share capital issued and acquired | 126,316 |
| | <hr/> |
| At 31 January 2020 | 129,044 |
| | <hr/> |
| Carrying amount | |
| At 31 January 2020 | 129,044 |
| | <hr/> <hr/> |
| At 31 January 2019 | 2,728 |
| | <hr/> <hr/> |

15 Subsidiaries

Details of the company's subsidiaries at 31 January 2020 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|--|--|-----------------------------------|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Ansell Electrical Products Spain, S.L. | Barcelona 08029, calle Entença, 325-335. 2° | Distribution of lighting products | Ordinary | 100 | |

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking | Profit/(Loss) | Capital and Reserves |
|--|---------------|----------------------|
| | £ | £ |
| Ansell Electrical Products Spain, S.L. | (73,102) | 55,941 |

The investments in subsidiaries are all stated at cost.

Ansell Electrical Products Limited is not required to prepare group accounts because all of its subsidiaries are excluded from consolidation. Ansell Electrical Products Spain, S.L. has been excluded from consolidation as its inclusion is not material (both in quantitative and qualitative terms) to giving a true and fair view.

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

16 Stocks

| | 2020 £ | 2019 £ |
|-------------------------------------|------------|------------|
| Finished goods and goods for resale | 14,119,670 | 10,791,890 |

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

During the year, an impairment loss on finished goods of £901,468 (2019: £881,866) was recognised within cost of sales. No earlier stock write downs have been reversed during the current period.

17 Debtors

| Amounts falling due within one year: | 2020 £ | 2019 £ |
|--------------------------------------|-------------------|-------------------|
| Trade debtors | 16,037,747 | 13,841,041 |
| Amounts owed by group undertakings | 527,557 | 571,604 |
| Other debtors | 520,443 | 885,869 |
| Prepayments and accrued income | 1,803,375 | 2,524,339 |
| | <u>18,889,122</u> | <u>17,822,853</u> |
| Deferred tax asset (note 20) | - | 65,828 |
| | <u>18,889,122</u> | <u>17,888,681</u> |

18 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|-------------------|-------------------|
| Trade creditors | 4,266,448 | 6,106,880 |
| Amounts owed to group undertakings | 5,488,558 | 4,369,658 |
| Corporation tax | 879,019 | 261,286 |
| Other taxation and social security | 197,288 | 129,826 |
| Other creditors | 41,010 | 12,460 |
| Accruals and deferred income | 7,283,056 | 7,108,282 |
| | <u>18,155,379</u> | <u>17,988,392</u> |

19 Provisions for liabilities

| | Notes | 2020 £ | 2019 £ |
|--------------------------|-------|------------------|------------------|
| Patent charge provision | | 1,306,475 | 1,750,394 |
| Deferred tax liabilities | 20 | 22,179 | - |
| | | <u>1,328,654</u> | <u>1,750,394</u> |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

19 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

| | Patent charge provision £ |
|-----------------------------------|--|
| At 1 February 2019 | 1,750,394 |
| Additional provisions in the year | 242,539 |
| Reversal of provision | (686,458) |
| | <hr/> |
| At 31 January 2020 | 1,306,475 |
| | <hr/> <hr/> |

During 2017 the Company received an informal indication from a third party that it was infringing a number of patents forming part of a substantial portfolio. Discussions with this third party remain ongoing. The amount provided represents management's best estimate of the potential liability in respect of the alleged infringements. The Company is undertaking legal advice in connection with this matter. The precise nature and cost, if any, of any settlement is expected to become clearer over the course of the next financial year. It is therefore possible that the amount provided may turn out to be different to the assessment taken at the time of approving these financial statements.

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

| | Liabilities 2020 £ | Liabilities 2019 £ | Assets 2020 £ | Assets 2019 £ |
|--------------------------------|-----------------------------------|-----------------------------------|------------------------------|------------------------------|
| Balances: | | | | |
| Accelerated capital allowances | 22,179 | - | - | 65,828 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | | | | 2020 £ |
| Movements in the year: | | | | |
| Asset at 1 February 2019 | | | | (65,828) |
| Charge to profit or loss | | | | 88,007 |
| | | | | <hr/> |
| Liability at 31 January 2020 | | | | 22,179 |
| | | | | <hr/> <hr/> |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

| | | |
|---|-------------------|-------------------|
| 21 Retirement benefit schemes | | |
| | 2020 | 2019 |
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 192,444 | 160,012 |
| | <u> </u> | <u> </u> |
| <p>The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.</p> | | |
| 22 Share capital | | |
| | 2020 | 2019 |
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 50,000 Ordinary shares of £1 each | 50,000 | 50,000 |
| | <u> </u> | <u> </u> |
| | <u>50,000</u> | <u>50,000</u> |
| | <u> </u> | <u> </u> |
| 23 Reserves | | |
| Profit and loss reserves | | |
| Cumulative profit and loss net of distribution to owners. | | |
| 24 Cash generated from operations | | |
| | 2020 | 2019 |
| | £ | £ |
| Profit for the year after tax | 8,089,903 | 6,288,688 |
| Adjustments for: | | |
| Taxation charged | 1,811,713 | 1,579,962 |
| Finance costs | 34,469 | 11,169 |
| Investment income | (112,496) | (50,937) |
| (Gain)/loss on disposal of tangible fixed assets | (5,379) | 28,614 |
| Amortisation and impairment of intangible assets | 8,544 | - |
| Depreciation and impairment of tangible fixed assets | 416,071 | 366,814 |
| (Decrease)/increase in provisions | (443,919) | 776,298 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | (3,327,780) | 1,124,235 |
| (Increase) in debtors | (1,066,269) | (4,176,772) |
| (Decrease)/increase in creditors | (450,746) | 6,440,790 |
| | <u> </u> | <u> </u> |
| Cash generated from operations | <u>4,954,111</u> | <u>12,388,861</u> |
| | <u> </u> | <u> </u> |

ANSELL ELECTRICAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

25 Analysis of changes in net funds

| | 1 February 2019 | Cash flows | 31 January 2020 |
|--------------------------|--------------------|------------|--------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 19,026,287 | 2,806,149 | 21,832,436 |

26 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties and motor vehicles.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2020 | 2019 |
|----------------------------|------------------|------------------|
| | £ | £ |
| Within one year | 751,583 | 707,745 |
| Between one and five years | 2,350,294 | 2,205,132 |
| In over five years | 1,384,667 | 1,730,965 |
| | <u>4,486,544</u> | <u>4,643,842</u> |

27 Events after the reporting date

The Directors have considered the Coronavirus (COVID-19) outbreak including the timing of the emergence and spread of the virus and have concluded this is a non-adjusting post balance sheet event.

28 Related party transactions

The company is a 100% subsidiary of Endo Lighting Corporation and has taken advantage of the exemption provisions in FRS102, Section 33.1A 'Related Party Disclosures'. This exemption permits non-disclosure of related party transactions of a wholly owned subsidiary company.

29 Ultimate controlling party

The ultimate parent undertaking is Endo Lighting Corporation, a company incorporated in Japan. It has included the company in its group financial statements, copies of which are available from its registered office: 541-0053 Osaka, Japan.