

Company Registration No. 02236133 (England and Wales)

**MARCOLIN (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# MARCOLIN (UK) LIMITED

## COMPANY INFORMATION

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### Directors

A Jove  
S Hinkerode (Appointed 12 March 2021)  
K Cheung  
A Matteini (Appointed 4 October 2021)

### Company number

02236133

### Registered office

Ground Floor  
140 Old Street  
London  
EC1V 9BJ

### Independent Auditors

Gerald Edelman LLP  
73 Cornhill  
London  
EC3V 3QQ

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# MARCOLIN (UK) LIMITED

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# MARCOLIN (UK) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report for the year ended 31 December 2021.

#### **Fair review of the business**

Marcolin (UK) Limited is a subsidiary company of Marcolin Group which is a designer, manufacturer and distributor of eyewear products. As a renowned leader in the global eyewear business, Marcolin Group stands out for its premium quality products, design skills, production capabilities, attention to detail and first-rate distribution.

Today Marcolin Group has a strong portfolio of licensed brands balanced between the luxury and mainstream ("diffusion") segments and men's and women's segments, with a good balance between eyeglass frames and sunglasses.

The brand portfolio includes: Tom Ford, Max Mara, adidas Sport, adidas Originals, Bally, Moncler, Sportmax, Ermenegildo Zegna, Atelier Swarovski, Barton Perreira, Tod's, BMW, Swarovski, Guess, MAX&Co, Timberland, GANT, Harley-Davidson, Marciano, Skechers, Marcolin and Web.

Marcolin (UK) Limited's business trends are reflective of a market in long term structural growth, fuelled by both an aging population, and continued growth of the luxury goods sector. Marcolin (UK) Limited has responded with strategies to expand its presence in and penetration of this important market.

Marcolin (UK) Limited achieved a 10% growth in sales in 2020, not yet back to pre-pandemic levels but a successful year considering early 2021 continued to be impacted by the pandemic. The pandemic has changed the customer's base incidence as online retailers have gained important space with double digit growth versus the previous year. Luxury brands also have performed strongly, as in a period of uncertainty customers are less inclined to take risks on emerging brands.

The company will continue to work in close collaboration with Marcolin Group in strategizing its business approach within the UK market for the financial year 2022 and beyond.

The company had net assets of £5,115K as at year end 31 December 2021 (2020: £4,718K), giving the company a strong financial position to implement future plans.

#### **Principal risks and uncertainties**

The principal risks to the company are:

- Any company whose principal business orientates around the sale of licensed products bears some associated risk with the transfer of these licenses to a competitor. However, the average remaining time for Marcolin licenses is >7 years and the main licenses, Tom Ford and Guess, have significant remaining terms which cease in 2029 and 2030, respectively.
- Fluctuations in exchange rates and the impact that this has on balances with group companies.

With respect to production and the supply chain, supplier output in Italy and Asia is now returning to normality; in the human resource area, all safety systems required by law have been prepared and activated; in regards to consumer spending, specific marketing initiatives have been implemented in the UK & Ireland markets, whilst the performance of orders significantly grows.

Currently, no impacts on the recoverability of invested capital have been identified, with regards to the value of the tangible and intangible assets. After evaluating assets for indications of impairment, we believe that the financial statement items as of 31 December 2021 will not be adjusted.

For Marcolin (UK) Limited, after years of repositioning, reorganisation and especially development activities, 2022 will be a year of consolidation for the already strong luxury brands and investment in the diffusion segment where the Group is key to increase the market share, especially in such a strong market like the UK. The company have confirmed the investments in place focused on the key accounts that are considered even more strategic and functional to 2022 growth.

## **MARCOLIN (UK) LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The strategy for the Italian eyewear industry and for the Group essentially remains one of internationalisation, increasing the capacity to seize the opportunities offered on international markets.

On behalf of the board

S Hinkerode

**Director**

16 May 2022

# MARCOLIN (UK) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### Principal activities

The principal activity of the company continued to be that of the wholesale distribution of spectacle frames and related products.

#### Branches

The company maintains a branch operation in Hong Kong.

#### Results and dividends

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

No ordinary dividends were paid (2020: £nil). The directors do not recommend payment of a final dividend.

#### Directors

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

S Borgheresi	(Resigned 30 September 2021)
A Jove	
S Hinkerode	(Appointed 12 March 2021)
K Cheung	
J Gotch	(Resigned 22 February 2021)
A Matteini	(Appointed 4 October 2021)

#### Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 30 days purchases, based on the average daily amount invoiced by suppliers during the year.

#### Financial instruments

##### Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

##### Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

# MARCOLIN (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Credit risk**

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### **Price risk**

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The appropriateness of this policy will be revisited should the company's operations change in size or nature.

### **Future developments**

The company will continue to grow the business in Asia consolidating the business acquired from Marcolin SpA in 2015.

### **Auditor**

Gerald Edelman LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Energy and carbon report**

As the company has not consumed more than 40,000 kWh of energy in this reporting year, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

On behalf of the board

S Hinkerode

**Director**

16 May 2022

## **MARCOLIN (UK) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors are responsible for preparing the annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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



# MARCOLIN (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MARCOLIN (UK) LIMITED

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#### Opinion

We have audited the financial statements of Marcolin (UK) Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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, Marcolin (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### 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 auditors' 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.

# MARCOLIN (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MARCOLIN (UK) LIMITED

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

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 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, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

## **MARCOLIN (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF MARCOLIN (UK) LIMITED**

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##### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following detailed below.

Based on our understanding of the company and industry in which it operates, we identified the principal risks of non-compliance with laws and regulations related to breaches of employment law and health and safety regulations. We considered the extent to which non-compliance might have a material effect on the financial statements and also considered those laws and regulations which have a direct impact on the financial statements such as the Companies Act 2006 and applicable tax legislation.

The audit procedures performed by the company engagement team and/or the component auditors included:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas; posting of unusual journals.
- Obtaining understanding of the legal and regulatory framework the company operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations.

##### **Audit response to risks identified**

###### ***Fraud due to management override***

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including through testing journal entries for appropriateness.
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias.
- Investigated the rationale behind significant or unusual transactions.

###### ***Irregularities and non-compliance with laws and regulations***

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation.
- Reviewing minutes of meetings of those charged with governance.
- Enquiring of management as to actual and potential litigation claims.

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs. Furthermore, the more removed that laws and regulations are from financial transactions, the less likely that we would become aware of non-compliance. Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors.

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 auditors' report.

## **MARCOLIN (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MARCOLIN (UK) LIMITED**

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#### **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.

**Hiten Patel FCCA (Senior Statutory Auditor)**  
**For and on behalf of Gerald Edelman LLP**

16 May 2022

**Chartered Accountants**  
**Statutory Auditor**

73 Cornhill  
London  
EC3V 3QQ

## MARCOLIN (UK) LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	26,978	24,533
Cost of sales		(18,123)	(15,957)
<b>Gross profit</b>		<b>8,855</b>	<b>8,576</b>
Distribution costs		(6,222)	(6,903)
Administrative expenses		(2,520)	(4,875)
Other operating income		574	806
<b>Operating profit/(loss)</b>	<b>4</b>	<b>687</b>	<b>(2,396)</b>
Other Interest receivable and similar income	7	166	660
Interest payable and similar expenses	8	(768)	(628)
<b>Profit/(loss) before taxation</b>		<b>85</b>	<b>(2,364)</b>
Tax on profit/(loss)	9	324	(15)
<b>Profit/(loss) for the financial year</b>		<b>409</b>	<b>(2,379)</b>
<b>Other comprehensive income/(expense):</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Currency translation differences		(12)	504
<b>Total items that will not be reclassified to profit or loss</b>		<b>(12)</b>	<b>504</b>
<b>Total other comprehensive income/(expense) for the year</b>		<b>(12)</b>	<b>504</b>
<b>Total comprehensive (expense)/income for the year</b>		<b>397</b>	<b>(1,875)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# MARCOLIN (UK) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Goodwill	10		4,821		4,821
Intangible assets	10		720		913
Tangible assets	11		1,613		1,754
			<u>7,154</u>		<u>7,488</u>
<b>Current assets</b>					
Stocks	12	3,178		3,585	
Debtors	13	4,980		6,239	
Cash at bank and in hand		1,948		1,285	
		<u>10,106</u>		<u>11,109</u>	
<b>Creditors: amounts falling due within one year</b>	14	(10,392)		(12,440)	
<b>Net current liabilities</b>			(286)		(1,331)
<b>Total assets less current liabilities</b>			<u>6,868</u>		<u>6,157</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(1,210)		(1,177)
<b>Provisions for liabilities</b>	18		(543)		(262)
<b>Net assets</b>			<u>5,115</u>		<u>4,718</u>
<b>Capital and reserves</b>					
Called up share capital	20		3,573		3,573
Profit and loss reserves			1,542		1,145
<b>Total equity</b>			<u>5,115</u>		<u>4,718</u>

The financial statements on pages 9 to 28 were approved by the board of directors and authorised for issue on 16 May 2022 and are signed on its behalf by:

S Hinkerode  
Director

Company Registration No. 02236133

## MARCOLIN (UK) LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£'000	£'000	£'000
<b>Balance at 1 January 2020</b>	<u>3,573</u>	<u>3,020</u>	<u>6,593</u>
Loss for the year	-	(2,379)	(2,379)
Other comprehensive expense: Currency translation differences	<u>-</u>	<u>504</u>	<u>504</u>
Total comprehensive income for the year	<u>-</u>	<u>(1,875)</u>	<u>(1,875)</u>
<b>Balance at 31 December 2020</b>	<u>3,573</u>	<u>1,145</u>	<u>4,718</u>
Profit for the year	-	409	409
Other comprehensive income: Currency translation differences	<u>-</u>	<u>(12)</u>	<u>(12)</u>
Total comprehensive expense for the year	<u>-</u>	<u>397</u>	<u>397</u>
<b>Balance at 31 December 2021</b>	<u><u>3,573</u></u>	<u><u>1,542</u></u>	<u><u>5,115</u></u>

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

Marcolin (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ground Floor, 140 Old Street, London, EC1V 9BJ. The company's principal activities and nature of its operations are disclosed in the directors' report. Marcolin SpA is the ultimate parent of the group to which the company belongs.

Marcolin (UK) Limited market and distribute eyewear through distributors and independent retailers in the UK and Asia. The Asian business is a branch of the UK entity.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006.

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 £'000s.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity are disclosed in the notes below.

The results of the Hong Kong branch which operates in HK dollars, are translated at the average monthly rates and the statement of financial position is translated at the closing rate.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- 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;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of Marcolin SpA, which are publicly available.

#### New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRS Interpretations Committee (IFRSIC) interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the company's financial statements.



# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The company meets its day to day working capital requirements through cash reserves and borrowings and through reliance on the continued support of its parent company.

The company has received formal confirmation from the parent company that it will provide financial support as necessary to the company for a period of at least 12 months from the date of signing these financial statements.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

In accordance with the five-step model introduced by IFRS 15, the Company recognizes revenue after having identified the contracts with its customers and the performance obligations in the contract (transfer of goods and/or services), determined the amount of consideration to which it expects to be entitled in exchange for satisfying each of the performance obligations, and evaluated how the performance obligations were satisfied (at a point in time or over time).

Revenue represents the invoiced value of goods, excluding value added tax and trade discounts.

The point of recognition is when the customer takes on the risk and reward of ownership of the goods. This is at the point of despatch, where the customer takes responsibility for the transportation of the goods or is at the point of delivery, where Marcolin (UK) Limited retain the responsibility for all or part of the transportation of the goods.

Sales are recorded based on price specified in the sales contract, net of estimates volume discounts and returns at the time of the sales. Accumulated experience is used to estimate and provide for the discounts and returns.

#### 1.4 Goodwill

Goodwill arises on the acquisition of business activities from other companies within the group, and represents the excess of the consideration transferred over the fair value of the net assets acquired.

Goodwill impairment reviews are undertaken annually or more frequently if events or circumstances indicate a potential impairment. Impairments are fully recognised against earnings of the period during which the loss is identified. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### 1.5 Intangible 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.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

- straight line method to allocate the cost of the licences over their estimated useful life of 20 years.

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.6 Tangible fixed assets

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

Historical cost includes the purchase cost, together with any costs attributable to bringing the asset to its working condition for its intended use.

Property comprises of leasehold improvements.

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	3 years straight line
Fixtures and fittings	2 - 5 years straight line
Motor vehicles	3 - 4 years straight line
Right of use assets	Over the shorter of estimated useful life and the end of the lease arrangement

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 recognised in the profit and loss account.

#### 1.7 Impairment of tangible and intangible assets

At each reporting 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.8 Stocks

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs.

#### 1.9 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial assets

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### ***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

#### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, 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 of the investment have been affected.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### **Derecognition of financial liabilities**

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

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

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

##### *Deferred tax*

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and 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 a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.15 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 inventories or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.18 Foreign exchange

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The company maintains its books of accounts in £ in the United Kingdom and in HK Dollars in Asia. The financial statements of the company are presented in GB pounds sterling.

Foreign currencies transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates are recognised in the income statement.

While translating to reporting currency, assets and liabilities are translated at the closing rate at the date of the statement of financial position. Income and expenses are translated at average exchange rates.

All resulting exchange differences are recognised in other comprehensive income under the other expenses heading and taken directly to reserves.

#### 1.19 Segment reporting

The company is a wholly owned subsidiary undertaking of Marcolin SpA which prepares consolidated financial statements. Segmental reporting is presented in the parent company financial statements.

### 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### Critical judgements

##### Estimated impairment of goodwill

The value of goodwill is reviewed each year by reviewing the discounted future income stream arising from the assets acquired against the capital invested. The company tests annually for impairment of goodwill, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the goodwill is determined from value in use calculations. The key assumptions and estimates for the value in use calculations are those regarding the discount rates, growth rates and expected changes to sales and overheads during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments or the time value of money and the risks specific to the cash generating units.

##### Inventory provisioning

The value of inventory based on the lower of cost and net realisable value is subject to estimations on the ultimate selling price in the market. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability and future usage.

##### Impairment of trade receivables

The company makes an estimate of the recoverable amount of trade and other debtors. When assessing the impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the age profile of receivables, estimates of credits required for returns and year end discounts and historical experience.

## MARCOLIN (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3 Turnover

	2021 £'000	2020 £'000
<b>Turnover analysed by class of business</b>		
Sale of goods	26,978	24,533

	2021 £'000	2020 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	13,736	13,086
Rest of Europe	703	541
Rest of the World	12,539	10,906
	26,978	24,533

#### 4 Operating profit/(loss)

	2021 £'000	2020 £'000
Operating profit/(loss) for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	100	79
Fees payable to the company's auditor for non-audit services - Taxation	7	7
Depreciation of property, plant and equipment	780	883
Amortisation of intangible assets (included within administrative expenses)	182	196
Cost of inventories recognised as an expense	18,106	15,957
Impairment loss recognised on trade receivables	-	2,851

#### 5 Employees

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

	2021 Number	2020 Number
Selling and distributions	33	38
Administration	21	26
Total	54	64



## MARCOLIN (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	3,765	4,330
Social security costs	207	356
Pension costs	52	70
	<u>4,024</u>	<u>4,756</u>

#### 6 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	361	419
Company pension contributions to defined contribution schemes	-	2
	<u>361</u>	<u>421</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2020 - 2).

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

	2021 £'000	2020 £'000
Remuneration for qualifying services	<u>270</u>	<u>216</u>

Two of the directors of Marcolin (UK) Limited are also directors of Marcolin SpA and their remuneration is paid from that company for their services to the group as a whole. The directors did not receive any remuneration in their capacity as directors of Marcolin (UK) Limited as their services to the company were incidental to their services to the group.

#### 7 Other interest receivable and similar income

	2021 £'000	2020 £'000
<b>Interest income</b>		
Other interest income	88	80
<b>Other income from investments</b>		
Exchange differences	<u>78</u>	<u>580</u>
Total income	<u>166</u>	<u>660</u>

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 8 Interest payable and similar expenses

	2021 £'000	2020 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable on amounts owed to group undertakings	280	284
Interest payable on leases	75	77
	<u>355</u>	<u>361</u>
<b>Other finance costs:</b>		
Exchange differences on financing transactions	413	267
	<u>768</u>	<u>628</u>
Total finance costs	<u><u>768</u></u>	<u><u>628</u></u>

### 9 Taxation on (loss)/profit

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	15
	<u>-</u>	<u>15</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(324)	-
	<u>(324)</u>	<u>-</u>
<b>Total tax charge/(credit)</b>	<u><u>(324)</u></u>	<u><u>15</u></u>

The charge for the year can be reconciled to the profit/(loss) per the profit and loss account as follows:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	<u>85</u>	<u>(2,364)</u>
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2020: 19.00%)	16	(449)
Effect of expenses not deductible in determining taxable profit	23	73
Income not taxable	-	(36)
Utilisation of tax losses not previously recognised	(30)	-
Unutilised tax losses carried forward	(319)	427
Permanent capital allowances in excess of depreciation	(14)	-
	<u>(324)</u>	<u>15</u>
<b>Taxation (credit)/charge for the year</b>	<u><u>(324)</u></u>	<u><u>15</u></u>

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Intangible fixed assets

	Goodwill	Software	Patents & licences	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 31 December 2020	4,821	160	3,421	8,402
Additions - purchased	-	1	-	1
Foreign currency adjustments	-	-	(46)	(46)
At 31 December 2021	4,821	161	3,375	8,357
<b>Amortisation and impairment</b>				
At 31 December 2020	-	160	2,508	2,668
Charge for the year	-	-	182	182
Foreign currency adjustments	-	-	(34)	(34)
At 31 December 2021	-	160	2,656	2,816
<b>Carrying amount</b>				
At 31 December 2021	4,821	1	719	5,541
At 31 December 2020	4,821	-	913	5,734

Goodwill in amount of £4,821,000 (2020: £4,821,000) is attributable to the acquisition of the trade and the assets of UK Business of Viva Eyewear UK Limited, Viva Hong Kong Limited and the Asian business from Marcolin SpA in the previous years.

Intangible assets amortisation is recorded in administrative expenses in the statement of comprehensive income.

The directors have reviewed the discounted future income stream arising from the acquisitions compared to those of the company as a whole and are unable to segregate the income streams and assets associated with each element separately. They have therefore reviewed the income stream for the company as a whole against capital invested and do not consider there to be any impairment to goodwill at 31 December 2021.

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Tangible assets

	Leasehold improvements	Fixtures and fittings	Motor vehicles	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2020	213	693	39	2,618	3,563
Additions	103	75	-	485	663
Disposals	-	(30)	-	(1,157)	(1,187)
Foreign currency adjustments	(3)	9	-	(84)	(78)
At 31 December 2021	313	747	39	1,862	2,961
<b>Accumulated depreciation and impairment</b>					
At 1 January 2020	155	446	39	1,169	1,809
Charge for the year	69	188	-	523	780
Eliminated on disposal	-	(30)	-	(1,157)	(1,187)
Foreign currency adjustments	(4)	(2)	-	(48)	(54)
At 31 December 2021	220	602	39	487	1,348
<b>Carrying amount</b>					
At 31 December 2021	93	145	-	1,375	1,613
At 31 December 2020	58	247	-	1,449	1,754

### 12 Stocks

	2021 £'000	2020 £'000
Finished goods	3,178	3,585

The company does not hold any raw materials or work in progress. Inventory is stated after provisions for impairment of £1,508,157 (2020: £1,387,549) to reduce the cost of inventory to the lower of cost and net realisable value.

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £18,105,679 (2020: £15,957,325).

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Debtors

	Due within one year		Due after one year	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	5,495	6,554	-	-
Provision for bad and doubtful debts	(1,559)	(1,506)	-	-
	<u>3,936</u>	<u>5,048</u>	<u>-</u>	<u>-</u>
Corporation tax recoverable	17	365	-	-
Other debtors	142	-	76	125
Prepayments and accrued income	450	655	-	-
	<u>4,545</u>	<u>6,068</u>	<u>76</u>	<u>125</u>
Deferred tax asset	-	-	359	46
	<u>4,545</u>	<u>6,068</u>	<u>435</u>	<u>171</u>

Trade receivables are stated after provision for impairment of £1,559,414 (2020: £1,505,527). The company does not have any trade debtors falling due after more than one year.

Amounts owed by group companies are unsecured, have no fixed date of repayment and are repayable on demand. Interest is accrued between 2.67% and 3.07% above UK 1 month LIBOR rate.

### 14 Liabilities

	Notes	Due within one year		Due after one year	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Creditors	15	9,596	10,921	-	-
Taxation and social security		403	1,039	-	-
Lease liabilities	16	393	480	1,210	1,177
		<u>10,392</u>	<u>12,440</u>	<u>1,210</u>	<u>1,177</u>

### 15 Creditors

	2021 £'000	2020 £'000
Trade creditors	2,851	4,333
Amounts owed to fellow group undertakings	5,201	4,532
Accruals and deferred income	399	353
Other creditors	1,145	1,703
	<u>9,596</u>	<u>10,921</u>

## MARCOLIN (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 16 Lease liabilities

	2021 £'000	2020 £'000
<b>Maturity analysis</b>		
Within one year	393	480
In two to five years	844	634
In over five years	366	543
<b>Total undiscounted liabilities</b>	<u>1,603</u>	<u>1,657</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £'000	2020 £'000
Current liabilities	393	480
Non-current liabilities	1,210	1,177
	<u>1,603</u>	<u>1,657</u>

Other leasing information is included in note 21.

#### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting year.

	ACAs £'000	Tax losses £'000	Total £'000
Deferred tax asset at 1 January 2020	(46)	-	(46)
Deferred tax asset at 31 December 2020	(46)	-	(46)
<b>Deferred tax movements in current year</b>			
Charge to profit or loss	6	(319)	(313)
Deferred tax asset at 31 December 2021	<u>(40)</u>	<u>(319)</u>	<u>(359)</u>

# MARCOLIN (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Provisions for liabilities

	2021 £'000	2020 £'000
Sales return provision	423	262
Other provision	120	-
	<u>543</u>	<u>262</u>
	<u><u>543</u></u>	<u><u>262</u></u>
Movements on provisions:	<b>Sales return provision</b>	<b>Other provision</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January 2021	262	-
Additional provisions in the year	161	120
	<u>423</u>	<u>120</u>
At 31 December 2021	<u><u>423</u></u>	<u><u>120</u></u>

Other provision relates to ongoing litigation proceedings.

### 19 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	52	80
	<u>52</u>	<u>80</u>

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.

### 20 Called up share capital

	2021 Number	2020 Number	2021 £'000	2020 £'000
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	3,573	3,573	3,573	3,573
	<u>3,573</u>	<u>3,573</u>	<u>3,573</u>	<u>3,573</u>

## MARCOLIN (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 21 Other leasing information

##### Lessee

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2021 £'000	2020 £'000
<b>Other leasing</b>		
Within one year	22	9
Between two and five years	12	-
	<u>34</u>	<u>9</u>

Information relating to lease liabilities is included in note 16.

#### 22 Related party transactions

The company is not required to disclose transactions with wholly owned subsidiaries by a group under the exemptions provided by FRS 101 and IFRS 24 "Related party disclosures".

During the year the company performed certain intergroup services for Thelios SpA, a Joint Venture of the Marcolin SpA Group. Total net fees for these services, which are included in other operating income, amounted to £8,453 (2020: £256,039). The agreement with Thelios SpA was terminated on 23 December 2021. The payable balance outstanding with Thelios SpA at the prior year end was £276,000.

#### 23 Controlling party

The immediate parent undertaking and controlling party is Marcolin SpA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Marcolin SpA can be obtained from the Company Secretary at Localita Vilanova, 4 32013 Longarone (BL), Italy.

The ultimate controlling party, the majority shareholder of Marcolin SpA, is 3 Cime SpA.



This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.