

Online Home Retail Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2019

Online Home Retail Limited

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Online Home Retail Limited

Company Information

Directors J D Eyles
J D Hickman
J E Pickering
M D Satterley

Company secretary M D Satterley

Registered office Plumbworld
Millennium Court
Enterprise Way
Evesham
Worcestershire
WR11 1GS

Bankers HSBC Bank plc
London Corporate Banking Centre
6th Floor
71 Queen Victoria Street
London
EC4NV 4AY

Auditors Clement Rabjohns Limited
Registered Auditors and Chartered Accountants
111/113 High Street
Evesham
Worcestershire
WR11 4XP

Online Home Retail Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is e-commerce retailing of bathroom related products.

Fair review of the business

The directors were satisfied with the results of the company during the year. A successful year saw turnover increase by 41% from 2018, and margins increased by 1% to 20%. Tight cost control saw profit before taxation of £1,350,143 (2018 £1,076,542) delivered.

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

	Unit	2019	2018
Turnover	£	47,375,051	33,510,101
Operating profit	£	1,447,500	1,077,410
Operating margin	%	3	3
Liquidity ratio		2	2

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to pressure on sales volume and sales revenue as a result of the ongoing prevailing economic conditions and increased competition for market share from national retailers and also independent internet-based businesses. The business imports a significant amount of its products from markets located in South East Asia and mainland Europe. The products are sourced in US dollars and Euros, and the directors continue to identify the uncertainty over the strength of sterling against these currencies as a risk to the cost of its product. The directors intend to manage this risk in part by sourcing product from geographical markets where sterling remains strong. The company also uses currency forward contracts to mitigate currency risk.

Trading is influenced by the macroeconomic environment in the UK. The level of activity in the residential repair and maintenance and improvement (RMI) markets, influence demand on the company's business. Demand in these markets is sensitive to economic conditions generally including economic growth, interest rate movements, inflation, unemployment and demographic trends.

Following on from the coronavirus (COVID-19) pandemic outbreak there are risks and uncertainties that could affect the company around supply chain disruptions, unavailability of personnel, reductions in sales, disruptions around travel, and closure of buildings/stores.

Approved by the Board on 20 August 2020 and signed on its behalf by:

.....
M D Satterley
Company secretary and director

Online Home Retail Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors of the company

The directors who held office during the year were as follows:

J D Eyles

J D Hickman

J E Pickering

M D Satterley - Company secretary and director

Financial instruments

Objectives and policies

The company's activities expose it to a number of financial risks. The most significant financial risk is represented by the incidence of attempted online credit card fraud. The company employs a system of mathematical algorithms to detect attempted fraud at point of sale.

Price risk, credit risk, liquidity risk and cash flow risk

The business' activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The business' principal financial instruments comprise bank balances and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Going concern

The directors are confident that the company will be able to trade profitably in the future. The company is expecting to see similar results in 2020 despite the increasing level of competition seen in the online market and the coronavirus pandemic.

Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Online Home Retail Limited

Directors' Report for the Year Ended 31 December 2019

Approved by the Board on 20 August 2020 and signed on its behalf by:

.....
M D Satterley
Company secretary and director

Online Home Retail Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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 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 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.

Online Home Retail Limited

Independent Auditor's Report to the Members of Online Home Retail Limited

Opinion

We have audited the financial statements of Online Home Retail Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Online Home Retail Limited

Independent Auditor's Report to the Members of Online Home Retail Limited

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 Statement of Directors' Responsibilities [set out on page 5], 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Online Home Retail Limited

Independent Auditor's Report to the Members of Online Home Retail Limited

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

Use of our report

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

.....

Philip Parsons FCA (Senior Statutory Auditor)

For and on behalf of Clement Rabjohns Limited, Statutory Auditor

111/113 High Street

Evesham

Worcestershire

WR11 4XP

20 August 2020

Online Home Retail Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	<u>3</u>	47,375,051	33,510,101
Cost of sales		<u>(37,073,639)</u>	<u>(26,949,429)</u>
Gross profit		10,301,412	6,560,672
Distribution costs		(1,056,747)	(608,345)
Administrative expenses		<u>(7,797,165)</u>	<u>(4,874,917)</u>
Operating profit	<u>4</u>	<u>1,447,500</u>	<u>1,077,410</u>
Other interest receivable and similar income	<u>5</u>	380	6,055
Interest payable and similar charges	<u>6</u>	<u>(97,737)</u>	<u>(6,923)</u>
		<u>(97,357)</u>	<u>(868)</u>
Profit before tax		1,350,143	1,076,542
Taxation	<u>10</u>	<u>(258,388)</u>	<u>(188,771)</u>
Profit for the financial year		1,091,755	887,771
Retained earnings brought forward		<u>3,735,836</u>	<u>2,848,065</u>
Retained earnings carried forward		<u><u>4,827,591</u></u>	<u><u>3,735,836</u></u>

The notes on pages 11 to 24 form an integral part of these financial statements.

Online Home Retail Limited
 (Registration number: 03852312)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	<u>11</u>	1,467,207	634,012
Current assets			
Stocks	<u>13</u>	9,555,962	7,199,398
Debtors	<u>14</u>	4,283,596	4,638,505
Cash at bank and in hand		842,932	2,020,218
		<u>14,682,490</u>	<u>13,858,121</u>
Creditors: Amounts falling due within one year	<u>16</u>	<u>(7,909,603)</u>	<u>(7,565,058)</u>
Net current assets		<u>6,772,887</u>	<u>6,293,063</u>
Total assets less current liabilities		8,240,094	6,927,075
Creditors: Amounts falling due after more than one year	<u>16</u>	<u>(3,316,074)</u>	<u>(3,189,989)</u>
Provisions for liabilities	<u>17</u>	<u>(95,179)</u>	-
Net assets		<u>4,828,841</u>	<u>3,737,086</u>
Capital and reserves			
Called up share capital		1,250	1,250
Profit and loss account		<u>4,827,591</u>	<u>3,735,836</u>
Total equity		<u>4,828,841</u>	<u>3,737,086</u>

Approved and authorised by the Board on 20 August 2020 and signed on its behalf by:

.....

M D Satterley
 Company secretary and director

The notes on pages 11 to 24 form an integral part of these financial statements.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales, UK.

The address of its registered office is:

Plumbworld
Millennium Court
Enterprise Way
Evesham
Worcestershire
WR11 1GS
United Kingdom

These financial statements were authorised for issue by the Board on 20 August 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to the preparation of a statement of cash flows, financial instruments and key management compensation.

Name of parent of group

These financial statements are consolidated in the financial statements of SHPEP Limited.

The financial statements of SHPEP Limited may be obtained from Millennium Court, Enterprise Way, Evesham, Worcestershire, WR11 1GS.

Going concern

The directors, having made appropriate enquiries, believe that the company as a whole has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of approval of the financial statements and, for this reason, they continue to adopt the going concern basis in preparing the financial statements.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Exemption from preparing group accounts

The financial statements contain information about Online Home Retail Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, SHPEP Limited, a company incorporated in England, UK.

Judgements

Rebates from suppliers represent a significant source of income for the company each year. The nature of the arrangements in place means that a large proportion of the rebates due to the company are not collected until after the year end. The calculation of rebate income in the year and the rebate receivable at the year end is based on the agreements in place with suppliers. Rebate is accrued in the year as it is earned. Due to the supplier specific nature of each arrangement the calculations can be complex and requires management to make estimates in the absence of supplier confirmations.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Tangible assets

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

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

Depreciation

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

Asset class	Depreciation method and rate
Leasehold improvements	12.5% straight line
Plant and machinery	10% straight line
Furniture and fittings	10% straight line
Computer equipment	20% straight line
Motor vehicles	25% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

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

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

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

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

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

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Derivative financial instruments and hedging

Derivatives

Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

Hedging

Forward currency contracts are not used for hedging purposes.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£	£
Sale of goods	47,375,051	33,510,101

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

	2019	2018
	£	£
Bathroom products	47,375,051	33,510,101

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

	2019	2018
	£	£
UK	47,375,051	33,510,101

4 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	217,272	204,511
Foreign exchange losses/(gains)	56,046	(12,529)

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

5 Other interest receivable and similar income

	2019 £	2018 £
Interest income on bank deposits	-	6,055
Other finance income	380	-
	<u>380</u>	<u>6,055</u>

6 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	97,737	6,923

7 Staff costs

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

	2019 £	2018 £
Wages and salaries	2,410,745	1,823,946
Social security costs	198,913	165,167
Other short-term employee benefits	9,204	-
Pension costs, defined contribution scheme	47,083	23,671
Other employee expense	50,874	44,918
	<u>2,716,819</u>	<u>2,057,702</u>

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

	2019 No.	2018 No.
Administration and support	38	36
Distribution	35	21
Other departments	4	4
	<u>77</u>	<u>61</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	550,363	226,696
Contributions paid to money purchase schemes	10,762	2,647
	<u>561,125</u>	<u>229,343</u>

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>4</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	223,549	207,351
Company contributions to money purchase pension schemes	<u>1,469</u>	<u>2,029</u>

9 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>16,660</u>	<u>20,875</u>
Other fees to auditors		
Taxation compliance services	<u>-</u>	<u>6,000</u>

10 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	114,529	202,330
UK corporation tax adjustment to prior periods	-	1,904
	<u>114,529</u>	<u>204,234</u>
Deferred taxation		
Arising from origination and reversal of timing differences	143,859	(750)
Arising from changes in tax rates and laws	-	(5,045)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	(9,668)
	<u>143,859</u>	<u>(15,463)</u>
Total deferred taxation	<u>143,859</u>	<u>(15,463)</u>
Tax expense in the income statement	<u>258,388</u>	<u>188,771</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

	2019 £	2018 £
Profit before tax	<u>1,350,143</u>	<u>1,076,542</u>
Corporation tax at standard rate	256,527	204,543
Decrease from effect of different UK tax rates on some earnings	-	(5,045)
Effect of expense not deductible in determining taxable profit (tax loss)	1,861	288
Decrease in UK and foreign current tax from unrecognised temporary difference from a prior period	-	(9,668)
Increase in UK and foreign current tax from adjustment for prior periods	-	1,904
Tax decrease arising from group relief	-	(3,251)
Total tax charge	<u>258,388</u>	<u>188,771</u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2019	
Accelerated tax depreciation	95,179
	<u> </u>
	<u> </u>
2018	
Accelerated tax depreciation	48,680
	<u> </u>
	<u> </u>

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

11 Tangible assets

	Leasehold building improvements £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	1
Cost or valuation						
At 1 January 2019	295,704	29,926	444,683	977,603	13,507	
Additions	381,688	2,518	210,196	440,871	15,193	
Disposals	(163,603)	(1,555)	(36,728)	(380,713)	-	
At 31 December 2019	513,789	30,889	618,151	1,037,761	28,700	
Depreciation						
At 1 January 2019	237,772	15,188	234,736	637,182	2,533	
Charge for the year	24,037	2,807	43,983	142,437	4,009	
Eliminated on disposal	(163,603)	(1,555)	(36,729)	(380,714)	-	
At 31 December 2019	98,206	16,440	241,990	398,905	6,542	
Carrying amount						
At 31 December 2019	415,583	14,449	376,161	638,856	22,158	
At 31 December 2018	57,932	14,738	209,947	340,421	10,974	

Included within the net book value of land and buildings above is £415,583 (2018 - £57,932) in respect of short leasehold land and buildings.

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

12 Investments in subsidiaries, joint ventures and associates

	2019 £	2018 £
Subsidiaries		£
Cost or valuation		
At 1 January 2019		1,000
Provision		
At 1 January 2019		<u>1,000</u>
Carrying amount		
At 31 December 2019		<u><u>-</u></u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Plumbworld Limited	Millennium Court Enterprise Way Evesham Worcestershire WR11 1GS UK	Ordinary shares	100%	100%

Subsidiary undertakings

Plumbworld Limited

The principal activity of Plumbworld Limited is not relevant being a dormant company..

13 Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>9,555,962</u>	<u>7,199,398</u>

Impairment of stocks

The amount of impairment loss included in profit or loss is £15,656 (2018 - £37,823).

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

14 Debtors

	Note	2019 £	2018 £
Amounts owed by related parties	<u>22</u>	2,564,711	2,125,071
Other debtors		20,575	30,000
Prepayments		1,698,310	2,434,754
Deferred tax assets	<u>10</u>	-	48,680
		<u>4,283,596</u>	<u>4,638,505</u>

15 Cash and cash equivalents

	2019 £	2018 £
Cash on hand	2,163	1,083
Cash at bank	<u>840,769</u>	<u>2,019,135</u>
	<u>842,932</u>	<u>2,020,218</u>

16 Creditors

	Note	2019 £	2018 £
Due within one year			
Trade creditors		6,960,048	6,010,514
Social security and other taxes		310,102	311,951
Outstanding defined contribution pension costs		11,698	5,924
Accruals		553,011	1,034,339
Income tax liability	<u>10</u>	<u>74,744</u>	<u>202,330</u>
		<u>7,909,603</u>	<u>7,565,058</u>
Due after one year			
Loans and borrowings	<u>20</u>	<u>3,316,074</u>	<u>3,189,989</u>

17 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2019	(48,680)	(48,680)
Increase (decrease) in existing provisions	<u>143,859</u>	<u>143,859</u>
At 31 December 2019	<u>95,179</u>	<u>95,179</u>

Online Home Retail Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £47,083 (2018 - £23,671). Contributions totalling £11,698 (2018 - £5,924) were payable to the scheme at the end of the year and are included in creditors.

19 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	1,250	1,250	1,250	1,250

20 Loans and borrowings

	2019	2018
	£	£
Non-current loans and borrowings		
Bank borrowings	3,316,074	3,189,989

Bank borrowings

The Arbuthnot asset based loan is denominated in GBP with a nominal interest rate of base + 3.5%, and the final instalment is due on 13 December 2021. The carrying amount at year end is £2,966,074 (2018 - £3,189,989).

The loan is secured over the stock held by the company.

The maximum facility limit is £3,500,000.

The loan is repayable in one instalment at the end of the loan term being December 2021.

The Arbuthnot cashflow loan facility is denominated in GBP with a nominal interest rate of base + 4.5%, and the final instalment is due on 13 December 2021. The carrying amount at year end is £350,000 (2018 - £Nil).

The loan is secured over the stock held by the company.

The loan is repayable in one instalment at the end of the loan term being December 2021.

The company's immediate parent is SHPEP Limited, incorporated in England, UK.

The most senior parent entity producing publicly available financial statements is SHPEP Limited. These financial statements are available upon request from Millennium Court, Enterprise Way, Evesham, Worcestershire, WR11 1GS.

24 Non adjusting events after the financial period

The coronavirus (COVID-19) pandemic outbreak after the year end has posed risks and uncertainties around the subsequent financial period in areas such as supply chain disruptions, unavailability of personnel, reductions in sales, disruptions around travel, and closure of buildings/stores.

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