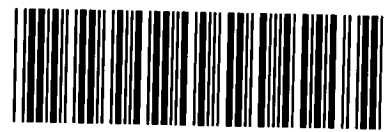


**COMPANY REGISTERED NUMBER: 02667012**

**EDMUNDSON ELECTRICAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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# **EDMUNDSON ELECTRICAL LIMITED**

## **STRATEGIC REPORT**

The Directors present their Strategic Report on the Company for the year ended 31 December 2020.

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the Company is the wholesale distribution of electrical products. The results for the year ended 31 December 2020 and the financial position at the end of that financial year were satisfactory. Future objectives continue to be the growth and development of the business.

### **KEY PERFORMANCE INDICATORS**

The Company uses many performance indicators, both financial and non-financial. The key operating parameters include turnover and operating profit. Financial performance is reviewed in many ways including overall margins, working capital efficiency and return on capital.

	<b>2020</b>	<b>2019</b>	<b>Movement %</b>
Turnover	£1,190.7m	£1,306.6m	- 8.9%
Operating profit	£65.9m	£63.5m	+ 3.8%

### **STATEMENT ON SECTION 172 OF THE COMPANIES ACT 2006**

The Board of Directors, in line with their duties under s172, act in a way they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole and for our other stakeholders. In doing so we have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor the impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its committees consider the potential impact of the Company's operations on the community and environment. The Board considers the likely consequences of decisions in the long term and promotes responsible business practices.

Illustrations of how s172 factors have been applied by the Board can be found in our Corporate Governance statement, along with details of how we engaged with our key stakeholder groups and considered their views.

### **FINANCIAL RISK MANAGEMENT**

The Company's operations expose it to some financial risks. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of financial risk.

**EDMUNDSON ELECTRICAL LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Credit Risk**

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any customer is subject to a limit, which is reviewed on an ongoing basis.

By order of the Board



**S P NEWSUM**  
**Company Secretary**

**Date: 24 September 2021**

# **EDMUNDSON ELECTRICAL LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2020.

### **RESULTS AND DIVIDENDS**

The results for the year ended 31 December 2020 are shown in the attached financial statements. A final dividend of £45,000,000 (2019 - £50,000,000) was recommended and paid during the year. The Directors recommend that the profit for the financial year of £54,214,000 (2019 - £51,515,000) be transferred to reserves. The annual dividend is for cash management purposes only. These funds are retained by the Company's immediate UK parent without further upward dividend flow.

### **DIRECTORS**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

D T McNair  
D B Christie (appointed 30 June 2021)  
P G Elsegood  
M G Felber  
R D Goddard (resigned 30 June 2021)  
G A Love  
W S Woof

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

## **EDMUNDSON ELECTRICAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **EMPLOYEE COMMUNICATIONS**

The Company continues to devote resources to the maintenance of good communication with employees at all levels. The Directors consider effective communication with the staff to be an integral part of good management.

#### **EMPLOYMENT OF DISABLED PEOPLE**

The policy of the Company is to ensure that disabled people are given equal opportunity with other candidates for recruitment, training and promotion in respect of jobs which can be carried out effectively by a disabled person. If employees become disabled during their period of employment every effort is made to provide suitable employment for them within the Company.

#### **POLITICAL DONATIONS**

The Company made no political donations during the year (2019 - £Nil).

#### **PRINCIPAL RISKS AND FUTURE DEVELOPMENT**

The Directors are responsible for the Company's risk management programme. The Directors seek to identify and manage day to day risks in accordance with defined policies and procedures. Details of the risk management programme and the development of the business are set out in the Strategic Report.

#### **UK withdrawal from the European Union**

The United Kingdom left the European Union on 31 December 2020. There has been no significant impact on the Company to date. However, the Company continues to monitor and evaluate any potential implications for the Company's trade, customers and suppliers.

#### **Coronavirus (Covid-19)**

The Company suffered a downturn in trading volumes during the initial Covid-19 restrictions in 2020 but since then these have largely recovered.

#### **GOING CONCERN**

The Company meets its day-to-day working capital requirements through its bank financing arrangements which include cash at bank and in hand.

The Company's forecasts, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its current resources for the foreseeable future. As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **DIRECTORS' AND OFFICERS' INDEMNITIES**

The Company maintained throughout the year and to the date of approval of the financial statements liability insurance for its directors and officers. This is a qualifying third-party provision for the purposes of the Companies Act 2006.

## **EDMUNDSON ELECTRICAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **CORPORATE GOVERNANCE STATEMENT**

The Board has considered its governance and has determined to apply the Wates principles. Each year we review our practices against these principles and we will continue to monitor them in the light of future developments in this area.

#### **Purpose and Leadership**

Good governance is essential to the successful delivery of our strategy and the way in which our business operates on a day to day basis. The Board is committed to maintaining the highest standards across the Company for the benefit of all our stakeholders.

Our strategy is to provide the highest possible service to trade customers. We operate in a multi-branch business with a high level of decentralisation backed up by strong controls and a reward structure that is based on local performance and individual contributions. The ability of our branch managers to determine all aspects of their businesses ensures they are strongly focused on providing the best service to their customers, supporting our key suppliers to get their products to market and employing, retaining and rewarding a high quality team.

As a decentralised business we try to take decisions as close to the customer as possible. However, the Board is strongly aware that it has ultimate responsibility for the actions that are taken. It reserves certain key decisions to the Board, such as senior appointments, funding of operations, acquisitions and appointment of auditors. Day to day operations are managed with the oversight of an operational management team comprising the Managing Director and Finance Director, together with senior commercial and regional managers. Minutes of these meetings are provided to all Directors.

In addition to the day to day monitoring of operating performance, members of the Board meet with each branch manager once a year for a formal review of the performance of their business and of their plans for the following year by way of a detailed analysis of the business. This is supplemented by a mid-year review of progress to enable adjustments to be made in the light of market developments.

All members of the Board, together with the senior management team, actively promote our decentralised philosophy and seek to coach and help the branch managers and their teams to maximise their long term rewards. Our values of integrity, fairness, teamwork, hard work and personal responsibility support this and ensure we meet the needs of our customers and suppliers. These are supported by a commitment to the recruitment of high calibre staff and ongoing training and development at all levels.

We are committed to complying with all legal requirements and to operating to the highest ethical standards. All staff are made aware of our ethics policy and are expected to adhere to it.

#### **Composition of the Board**

Douglas McNair is Non-Executive Chairman. He leads the Board and is responsible for its effectiveness. Mark Felber is Managing Director and Philip Elsegood is Finance Director. The other non-executive Directors are Gordon Love, Douglas Christie (appointed 30 June 2021), Finance Director of Marlowe Holdings Limited, our UK parent company, and Bill Woof, our Corporate Legal Counsel. All the Directors have many years' experience with the Company and collectively have an appropriate combination of skills, backgrounds, experience and knowledge. In the event of new appointments to the Board, consideration will be given to the appropriate balance of expertise, diversity and objectivity.

Directors are encouraged to pursue appropriate professional development to assist them with performing their duties. The Chairman reviews the performance of the Board and individual Directors annually in consultation with the shareholders.

## **EDMUNDSON ELECTRICAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

##### **Directors' Responsibilities**

The Company has clear policies and practices governing its internal affairs. These are set out in Standard Practice Instructions (SPIs) and other internal documents such as the Company Treasury Policy. The Directors are fully aware of their responsibilities as set out in our Section 172 statement.

All Directors receive copies of the monthly management accounts including individual branch performances. These are also provided to our shareholders.

If conflicts of interest arose, these would be discussed with the Chairman and appropriate processes would be put in place to manage them.

##### **Opportunity and Risk**

The long term success of the business depends on constantly striving to improve our performance through the review processes set out above and on maintaining the decentralised model and related reward structure. Where opportunities for opening new business locations arise these are approved through a capital expenditure approval process. Acquisitions are made after a thorough due diligence process by an experienced team supported by outside advisers as appropriate and with Board approval.

The Board monitors risks facing the business and identifies any that are emerging. It works with the operational management team to ensure that risks are appropriately managed and that there are clear responsibilities for this. Details of the major risks are set out elsewhere in these financial statements.

There is an active programme of internal audit which monitors compliance with our SPIs. The safety of our workforce and of visitors to our premises is of paramount importance. We have a programme of Health and Safety training and monitoring and constantly evaluate our procedures as a result.

##### **Remuneration**

The remuneration of the Chairman is determined by the shareholders. Other Directors' remuneration is set by the Chairman in consultation with the shareholders. Remuneration comprises basic salary, which is set in the context of industry norms, pension contributions or equivalent additional salary, company car or salary alternative, medical cover and an annual bonus. The annual bonus is discretionary and is allocated out of the total generated by the individual branch reward calculations. This ensures total alignment between the success of individual branches and the shareholders' interest in overall performance. There are no other elements of remuneration.

##### **Stakeholder relationships and engagement**

The principal stakeholders in the business are the shareholders, employees, customers and suppliers. Other stakeholders include pension scheme members, regulators, the Government and the communities in which we operate.

Members of the Board liaise regularly with our shareholders who receive monthly management accounts. The shareholders also regularly attend our annual review meetings with branch managers.

As a highly decentralised business with over 300 branches we operate a cascade system of staff briefing through regional managers and branch managers to keep employees informed of matters that are of importance to them, including the financial performance of their business. These briefings are two way, with concerns passed upwards as necessary. There is a clearly stated whistleblower policy in place supported by a dedicated confidential hotline.

## **EDMUNDSON ELECTRICAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

##### **Stakeholder relationships and engagement (continued)**

Our customers are key to the success of our business and our management and staff are encouraged to engage regularly with them. This ensures we are meeting the customers' needs and that they know the level of service we aim to provide. Key account managers and regional managers are responsible for the relationship with major customers. In addition, we play a major role in support of the Electrical Distributors' Association, our industry's trade body and we attend all their major functions.

We support our suppliers through our commercial programmes. We encourage suppliers to provide training in their products to our staff so that they can ensure customers are aware of suitable products. We have an annual supplier meeting for our key suppliers along with regular visits. Whilst overall terms are agreed by our commercial team, branch managers are encouraged to work with suppliers at a local level to obtain specific terms to support customer projects. We have a strict policy of ensuring that suppliers are paid promptly and to agreed terms.

Our pensions department has an active programme of communicating with members to keep them informed on relevant matters and to help them as they develop their retirement plans.

We have policies to ensure compliance with UK laws and regulations and we communicate these requirements within the organisation as appropriate. We conduct our tax affairs in a way that ensures compliance with applicable laws and regulations and we maintain an open dialogue with the UK tax authorities. All taxes are paid as they fall due and we have support from our external advisers to help ensure we meet our obligations.

Our branches operate across the UK and we encourage our staff to play a full part in their local communities. We fully support the Electrical Industries Charity on many levels. In addition, we make significant charitable donations in support of the arts, health and education.

We are aware of our responsibilities to the environment. We have taken a leading role in the promotion and supply of green energy materials including solar panel systems and LED lighting. We have also deployed these within our own buildings. We supply electric vehicle charging systems and have encouraged the use of hybrid vehicles within our fleet. As far as practicable we endeavour to reuse supplier packaging for our own customer deliveries to minimise waste.

#### **STAKEHOLDER ENGAGEMENT AND EMPLOYEE ENGAGEMENT STATEMENT**

The Directors regularly engage with all stakeholders including employees, customers, suppliers and other business partners. This enables the Directors to enhance market focus, improve decision making and promote the long term success of the Company more effectively. This includes:

- significant involvement in and support of industry bodies such as the Electrical Distributors' Association, the Electrical Contractors' Association and the Electrical Industries Charity;
- hosting customer and supplier events at local and regional level, including training for both customers and staff;
- regular engagement with major customers in support of our key account programme;
- regular meetings with major suppliers to ensure we are supporting their efforts to bring products to market at fair prices, with rigorous quality control and high levels of availability;
- regular contact with our bankers and professional advisers to discuss our strategy and performance;

## **EDMUNDSON ELECTRICAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **STAKEHOLDER ENGAGEMENT AND EMPLOYEE ENGAGEMENT STATEMENT (CONTINUED)**

- regular engagement with the trustees of our pension schemes to review funding levels and investment performance and to brief the trustees on our business performance and prospects; and
- a cascade system of briefings for employees on key matters affecting them through our regional and branch management structure, reflecting our decentralised multi-branch operations.

#### **STREAMLINED ENERGY AND CARBON REPORTING**

The Company's energy use and greenhouse gas emissions figures for 2020 are included in the financial statements of Marlowe Holdings Limited.

#### **BRANCHES OUTSIDE OF THE UK**

The Company operates branches outside of the UK in each of the following jurisdictions: Jersey, Guernsey and the Isle of Man.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has 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.

The independent auditors, PricewaterhouseCoopers LLP, will be replaced in 2021 by RSM UK Audit LLP after a competitive tender process.

By order of the Board



S P NEWSUM  
Company Secretary

Date: 24 September 2021

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**EDMUNDSON ELECTRICAL LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Edmundson Electrical Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **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.

### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**EDMUNDSON ELECTRICAL LIMITED (CONTINUED)**

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

**Strategic Report and Directors' Report**

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 year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the Directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**EDMUNDSON ELECTRICAL LIMITED (CONTINUED)**

**Responsibilities for the financial statements and the audit (continued)**

**Auditors' 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 auditors' 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.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of fraudulent journal entries, designed to manipulate financial performance and/or position of the company and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inquiry of management in respect of potential non-compliance with laws and regulations;
- reviewing financial statement disclosures and testing to supporting documentation;
- testing journal entries meeting specific risk criteria, testing accounting estimates for indication of management bias and evaluating the business rationale of any significant transactions outside the normal course of business;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- reviewing legal expense listings to identify indications of potential non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**EDMUNDSON ELECTRICAL LIMITED (CONTINUED)**

**Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Hazel Macnamara (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

Date: 24 September 2021

## **EDMUNDSON ELECTRICAL LIMITED**

### **PROFIT AND LOSS ACCOUNT** **FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> £000	<u>2019</u> £000
<b>TURNOVER</b>	4	1,190,653	1,306,572
Cost of sales		<u>(877,955)</u>	<u>(986,993)</u>
<b>GROSS PROFIT</b>		312,698	319,579
Distribution costs		<u>(246,808)</u>	<u>(256,058)</u>
<b>OPERATING PROFIT</b>	5	65,890	63,521
Interest receivable and similar income	6	<u>1,123</u>	<u>1,634</u>
<b>PROFIT BEFORE TAXATION</b>		67,013	65,155
Tax on profit	7	<u>(12,799)</u>	<u>(13,640)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>54,214</u>	<u>51,515</u>

**EDMUNDSON ELECTRICAL LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> £000	<u>2019</u> £000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		54,214	51,515
Other comprehensive income / (expense):			
Actuarial loss on pension schemes	19b	(4,691)	(1,992)
Effect of pension scheme asset limit adjustment	19b	<u>5,326</u>	<u>(1,476)</u>
		<u>635</u>	<u>(3,468)</u>
Tax on components of other comprehensive income / (expense):			
Movement on deferred tax relating to pension schemes	7c	<u>(121)</u>	<u>590</u>
Total other comprehensive income / (expense)		<u>514</u>	<u>(2,878)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>54,728</u>	<u>48,637</u>

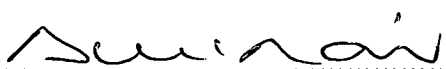
**EDMUNDSON ELECTRICAL LIMITED**

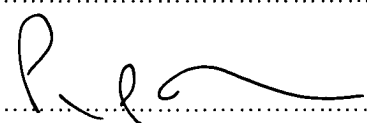
**BALANCE SHEET AS AT 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> £000	<u>2019</u> £000
<b>FIXED ASSETS</b>			
Tangible assets	9	4,370	6,298
Investments	11	<u>-</u>	<u>-</u>
		4,370	6,298
<b>CURRENT ASSETS</b>			
Inventories	12	198,496	183,026
Debtors	13	227,860	228,721
Current asset investments	14	216,550	186,580
Cash at bank and in hand		<u>10,593</u>	<u>13,639</u>
		653,499	611,966
<b>CREDITORS: Amounts falling due within one year</b>	15	<b>(234,395)</b>	<b>(206,228)</b>
<b>NET CURRENT ASSETS</b>		<b>419,104</b>	<b>405,738</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>423,474</b>	<b>412,036</b>
Provisions for liabilities	16	(16,674)	(14,964)
Pension schemes	19	-	-
<b>NET ASSETS</b>		<b>406,800</b>	<b>397,072</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	57,877	57,877
Profit and loss account		<u>348,923</u>	<u>339,195</u>
<b>TOTAL EQUITY</b>		<b>406,800</b>	<b>397,072</b>

The notes on pages 17 to 37 form part of these financial statements.

The financial statements on pages 13 to 37 were approved by the Board of Directors on **24** September 2021 and were signed on its behalf by:

DIRECTORS .....  ..... D T McNAIR

.....  ..... P G ELSEGOOD

Company registered number: 02667012

## **EDMUNDSON ELECTRICAL LIMITED**

### **STATEMENT OF CHANGES IN EQUITY** **FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>Called up share capital</u> £000	<u>Profit and loss account</u> £000	<u>Total equity</u> £000
<b>At 1 January 2019</b>		57,877	340,558	398,435
Profit for the financial year		-	51,515	51,515
Total other comprehensive expense		<u>-</u>	<u>(2,878)</u>	<u>(2,878)</u>
Total comprehensive income for the financial year		<u>-</u>	<u>48,637</u>	<u>48,637</u>
Dividends paid on equity shares	8	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
<b>At 31 December 2019</b>		<u>57,877</u>	<u>339,195</u>	<u>397,072</u>
Profit for the financial year		-	54,214	54,214
Total other comprehensive income		<u>-</u>	<u>514</u>	<u>514</u>
Total comprehensive income for the financial year		<u>-</u>	<u>54,728</u>	<u>54,728</u>
Dividends paid on equity shares	8	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>
<b>At 31 December 2020</b>		<u>57,877</u>	<u>348,923</u>	<u>406,800</u>

**EDMUNDSON ELECTRICAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**1 COMPANY INFORMATION**

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is Edmundson House, Tatton Street, Knutsford, Cheshire, WA16 6AY.

**2 COMPLIANCE WITH ACCOUNTING STANDARDS**

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and the Companies Act 2006.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of presentation**

These financial statements are prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting judgements and estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies (see pages 22 and 23).

**Going concern**

The Company meets its day-to-day working capital requirements through its bank financing arrangements which include cash at bank and in hand.

The Company's forecasts, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its current resources for the foreseeable future. As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**Exemptions for qualifying entities under FRS 102**

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

**i. Statement of cash flow**

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 3.17(d) on the grounds that a consolidated cash flow statement is included in the financial statements of Marlowe Holdings Limited.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Exemptions for qualifying entities under FRS 102 (continued)**

##### **ii. Exemption from preparing consolidated financial statements**

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 in the consolidated financial statements of Marlowe Holdings Limited.

##### **iii. Financial instrument disclosures**

The Company has taken advantage of the exemption from the financial instruments disclosures required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures of Marlowe Holdings Limited.

##### **iv. Key management personnel compensation**

The Company has taken advantage of the exemption from disclosing the Company key management personnel compensation pursuant to FRS 102 paragraph 33.7.

##### **v. Related party disclosures**

The Company has taken advantage of the exemption from disclosing the related party disclosures pursuant to FRS 102 paragraph 33.1A.

##### **Functional and presentation currency**

The Company's functional and presentation currency is the pound sterling and is rounded to thousands.

##### **Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

##### **Revenue recognition**

Turnover is recognised when goods are despatched to, or collected by, customers and represents the invoiced value of such goods sold and any services provided, net of settlement discounts allowed, rebates payable to customers and value added taxes.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Rebate income from suppliers**

The Company has arrangements with suppliers whereby volume-related rebate income is received in connection with the purchase of goods for resale from those suppliers. The majority of rebate income relates to adjustments to the original purchase price of the product. All rebate income is recognised as a credit within cost of sales.

Rebate income earned relating to inventories still held by the Company at the end of the financial year is included as a reduction to the cost of those inventories. Rebate income is only recognised in cost of sales once the inventory has been sold.

Amounts due from suppliers relating to rebate income are offset against amounts owed to those suppliers.

##### **Property rental income**

Property rental income is recognised by reference to the period for which the tenants are invoiced and represents the value of rents receivable, excluding VAT.

##### **Pension costs**

The Company operates two defined benefit pension schemes which are closed to new employees and future service accrual. Employer contributions are assessed by a qualified independent actuary based on the funding level of the schemes which are valued every three years.

Annually, pension scheme liabilities are measured at their present value using the projected unit method, being discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension assets are measured at their year end fair values. The expected return on the schemes' assets and the increase in the present value of the schemes' liabilities arising from the passage of time, are included in interest receivable / payable in the profit and loss account. Actuarial gains and losses are recognised in the statement of comprehensive income. Under FRS 102 a surplus of scheme assets may be recognised to the extent it is recoverable through reduced employer contributions in the future or through refunds from the scheme.

The Company also operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

##### **Annual profit sharing scheme**

The Company operates an annual profit sharing scheme for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the scheme as a result of past events and a reliable estimate of the obligation can be made.

##### **Government grants**

The Company utilised the Coronavirus Job Retention Scheme (CJRS) through the various national restrictions imposed during 2020. The scheme allowed up to 80% of the normal earnings of employees who were furloughed to be claimed under the scheme, subject to a monthly cap per employee. The Company stopped claiming the CJRS on 31 October 2020. The government also provided relief for general business rates which the Company accepted only on a limited basis. The Company accounted for the CJRS and general business rates relief on an accruals basis and credited the profit and loss account. Any unpaid general business rates relief at the year end is included in debtors on the balance sheet.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred tax assets and liabilities are not discounted.

##### **Current tax**

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are only recognised when it is more likely than not they can be recovered against the reversal of deferred tax liabilities or future taxable profits.

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

##### **Tangible assets**

The purchase cost of tangible assets includes the invoiced amount, delivery and installation. Items costing £1,000 or less are written off to the profit and loss account in the year of purchase.

Depreciation of assets is calculated in equal annual instalments by reference to original net cost and their estimated useful lives, as follows:

Leasehold improvements - over the lesser of the life of the lease and 5 years.

On disposal of tangible assets, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account.

##### **Operating lease costs**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Investments**

Investments are stated in the financial statements at cost less any provision required to reflect a diminution in value.

##### **Inventories**

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on a first-in, first-out (FIFO) basis and includes the purchase price together with all other directly attributable costs and income to bring the inventory to its present location and condition. Due allowance is made for obsolete and slow moving items. Inventories are recognised as an expense in the period in which the related revenue is recognised.

##### **Current asset investments**

Current asset investments are with major UK financial institutions and mature within 12 months of the year end. The credit risk associated with these investments is considered to be low.

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, bank deposits and bank overdrafts. Bank overdrafts are shown in current liabilities.

##### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation: (i) as a result of past events; and (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount of the obligation can be reliably estimated.

##### **Financial instruments**

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

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

##### **i. Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at the transaction price, unless they constitute a financing arrangement. These financial assets are subsequently carried at amortised cost using the effective interest method. The amortised cost is the net of the amounts at initial recognition, less any repayments and reductions for impairment. Where the transaction is a financing arrangement, it is measured at the present value of the future receipts discounted at a market rate of interest.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Financial instruments (continued)**

##### **ii. Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Debt instruments are subsequently carried at amortised cost, using the effective interest method. The amortised cost is the net of the amounts at initial recognition, less any repayments of the principal. Where the transaction is a financing arrangement, it is measured at the present value of the future payments discounted at a market rate of interest.

Financial assets and liabilities that have no stated interest rate (and do not constitute a financing transaction) and are payable or receivable within one year, are initially measured at an undiscounted amount.

##### **iii. Offsetting**

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

##### **Share capital**

Ordinary shares are classified as equity.

##### **Distributions to equity holders**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved. These amounts are recognised in the statement of changes in equity.

##### **Related party transactions**

The Company discloses transactions with related parties which are not wholly owned within the Marlowe Holdings Limited group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

##### **Critical accounting estimates**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will not always equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are addressed below:

##### **i. Inventory provisioning**

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions about anticipated saleability and usage.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Critical accounting estimates (continued)**

##### **ii. Impairment of debtors**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debts and historical experience.

##### **iii. Dilapidations**

As part of the Company's property leasing arrangements there is often an obligation to repair damage which is incurred during the life of the lease. When calculating the dilapidations provision, management considers the condition of the property and makes estimates of the costs required to return leased properties to their required condition.

##### **Critical accounting judgements**

The Company makes judgements concerning the future. The resulting accounting estimates will not always equal the related actual results. The judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are addressed below:

##### **i. Defined benefit pension scheme**

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, inflation, asset valuations and projected returns on assets. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Under FRS 102 a surplus of scheme assets may be recognised to the extent it is recoverable through reduced employer contributions in the future or through refunds from the scheme. The Company's scheme surpluses are not deemed recoverable and so an asset limit adjustment has been applied to restrict the balance to zero in respect of each scheme in surplus.

#### **4 TURNOVER**

The Directors consider there to be only one class of business. Turnover is substantially derived in the UK.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **5 OPERATING PROFIT**

Operating profit is stated after charging / (crediting) the following amounts:

	<u>2020</u> £000	<u>2019</u> £000
Staff costs:		
- wages and salaries	147,031	147,451
- social security costs	16,846	17,010
- other pension costs (note 19a and 19b)	<u>14,463</u>	<u>14,668</u>
	178,340	179,129
	<u>          </u>	<u>          </u>
Loss on disposal of tangible assets	1	1
Depreciation of tangible assets	3,152	3,466
Impairment of inventory	7,100	(682)
Impairment of trade debtors	(679)	(236)
Operating lease charges:		
- property (note 10)	18,312	17,831
- hire of plant and machinery	11,989	12,659
Property rental income (note 10)	(355)	(341)
Auditors' remuneration:		
- statutory audit of the Company	220	198
- taxation services	56	80
- other advisory services	41	25
Charitable donations	8,995	9,524
Government grants – CJRS and other grants	(15,117)	-
	<u>          </u>	<u>          </u>

#### **6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<u>2020</u> £000	<u>2019</u> £000
Bank deposit interest receivable	906	1,465
Net other interest receivable	217	169
Net interest income on pension scheme assets (note 19b)	702	938
Effect of pension scheme asset limit adjustment (note 19b)	<u>(702)</u>	<u>(938)</u>
	1,123	1,634
	<u>          </u>	<u>          </u>

**EDMUNDSON ELECTRICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7 TAX ON PROFIT**

**7 (a) Taxation – Analysis of charge in the year**

	<u>2020</u>	<u>2019</u>
	£000	£000
Current tax:		
UK corporation tax on the profit for the year	13,808	13,188
Adjustment in respect of prior periods	<u>95</u>	<u>(310)</u>
Total current tax charge for the year	<u>13,903</u>	<u>12,878</u>
Deferred tax:		
Origination and reversal of timing differences	(690)	443
Adjustment in respect of prior periods	(4)	319
Effect of changes in tax rate	<u>(410)</u>	<u>-</u>
Total deferred tax (credit) / charge for the year	<u>(1,104)</u>	<u>762</u>
Tax on profit	<u>12,799</u>	<u>13,640</u>

**7 (b) Taxation – Factors affecting charge for the year**

The tax assessed for the year is higher (2019 - higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	<u>2020</u>	<u>2019</u>
	£000	£000
Profit before taxation	67,013	65,155
Profit before taxation multiplied by the standard rate of corporation tax at 19.00% (2019 – 19.00%)	<u>12,732</u>	<u>12,379</u>
Effects of:		
Adjustment in respect of prior periods	91	9
Expenses not deductible for tax purposes	458	1,259
Foreign branch earnings	(72)	(7)
Difference due to change in standard tax rate	<u>(410)</u>	<u>-</u>
Tax on profit	<u>12,799</u>	<u>13,640</u>

**7 (c) Taxation – Other comprehensive income**

There is a tax charge of £121,000 recognised in other comprehensive income (2019 tax credit - £590,000).

## EDMUNDSON ELECTRICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 7 TAX ON PROFIT (CONTINUED)

##### 7 (d) Taxation – Factors that may affect future tax charges

In November 2019, a change to the UK corporation tax rate was announced to cancel the future reduction in corporation tax rate from 19% to 17%, with the rate set to remain at 19%. This change was substantively enacted in March 2020 in the Finance Bill 2020.

In March 2021, a change in the UK corporation tax rate was announced to increase the main rate of corporation tax from 19% to 25% from April 2023. However, this change was not substantively enacted at 31 December 2020 and has therefore not been reflected in these financial statements.

#### 8 DIVIDENDS

	<u>2020</u> £000	<u>2019</u> £000
<u>Equity – Ordinary</u>		
Final dividend paid £0.7775 (2019 - £0.8639) per ordinary share	45,000	50,000
	<u>          </u>	<u>          </u>

The annual dividend is for cash management purposes only. These funds are retained by the Company's immediate UK parent without further upward dividend flow.

#### 9 TANGIBLE ASSETS

<u>Cost</u>	<u>Leasehold</u> <u>improvements</u> £000
At 1 January 2020	41,498
Additions	1,225
Disposals	<u>(171)</u>
At 31 December 2020	<u>42,552</u>
 <u>Accumulated depreciation</u>	
At 1 January 2020	35,200
Charge for the year	3,152
Disposals	<u>(170)</u>
At 31 December 2020	<u>38,182</u>
 <u>Net book amount</u>	
At 31 December 2020	<u>4,370</u>
At 31 December 2019	<u>6,298</u>

## EDMUNDSON ELECTRICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 10 OPERATING LEASES

The future minimum commitments under non-cancellable operating leases are as follows:

	<u>Land and buildings</u>	
	<u>2020</u>	<u>2019</u>
	£000	£000
Payable within one year	18,123	17,980
Payable within two to five years	48,517	53,516
Payable after five years	<u>22,461</u>	<u>27,671</u>
	89,101	99,167
	<u>          </u>	<u>          </u>

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	<u>Land and buildings</u>	
	<u>2020</u>	<u>2019</u>
	£000	£000
Receivable within one year	100	101
Receivable within two to five years	138	202
Receivable after five years	<u>22</u>	<u>46</u>
	260	349
	<u>          </u>	<u>          </u>

#### 11 INVESTMENTS

<u>Cost and net book amount</u>	<u>Investment in subsidiaries</u>
	£
At 31 December 2019 and 2020	100
	<u>          </u>

<u>Subsidiary</u>	<u>Shares</u>	<u>Country of incorporation</u>	<u>Activity</u>
Edmundson Electrical Pension Trustees Limited	100 £1 ordinary shares (100%)	England	Pension trustee company

The address of its registered office is Edmundson House, Tatton Street, Knutsford, Cheshire, WA16 6AY.

In the opinion of the Directors the value of the investments in the subsidiaries is not less than the aggregate amount shown in the balance sheet.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **12 INVENTORIES**

	<u>2020</u> £000	<u>2019</u> £000
Goods for resale	198,496	183,026

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Goods for resale are stated after provisions for impairment of £15,037,000 (2019 - £7,937,000).

#### **13 DEBTORS**

	<u>2020</u> £000	<u>2019</u> £000
Trade debtors	213,168	214,469
Amounts owed by group undertakings	1,454	2,284
Other debtors	3,203	3,143
Corporation tax	792	-
Deferred tax asset (note 17)	4,469	3,486
Prepayments and accrued income	<u>4,774</u>	<u>5,339</u>
	<u>227,860</u>	<u>228,721</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors are stated after provisions for impairment of £2,476,000 (2019 - £3,155,000).

#### **14 CURRENT ASSET INVESTMENTS**

	<u>2020</u> £000	<u>2019</u> £000
Financial investments	216,550	186,580

The financial investments are with major UK financial institutions and mature within 12 months of the year end. The credit risk associated with these investments is considered to be low.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15 CREDITORS: Amounts falling due within one year**

	<u>2020</u> £000	<u>2019</u> £000
Trade creditors	172,434	137,702
Amounts owed to group undertakings	1,265	317
Other creditors	47,152	42,490
Corporation tax	-	4,680
Other taxation and social security	1,627	9,240
Accruals and deferred income	<u>11,917</u>	<u>11,799</u>
	<u>234,395</u>	<u>206,228</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**16 PROVISIONS FOR LIABILITIES**

	<u>2020</u> £000	<u>2019</u> £000
At 1 January	14,964	14,459
Profit and loss charge	1,915	1,243
Utilised during the year	<u>(205)</u>	<u>(738)</u>
At 31 December	<u>16,674</u>	<u>14,964</u>

The provision relates to dilapidation costs arising on leased buildings. The provision is expected to be utilised between 2021 and 2031 as the leases expire.

**17 DEFERRED TAX**

	<u>2020</u> £000	<u>2019</u> £000
At 1 January	3,486	3,658
Profit and loss credit / (charge)	1,104	(762)
Statement of comprehensive (expense) / income	<u>(121)</u>	<u>590</u>
At 31 December	<u>4,469</u>	<u>3,486</u>

The deferred tax asset is comprised as follows:

	<u>2020</u> £000	<u>2019</u> £000
Depreciation in excess of capital allowances	1,769	1,619
Other short term timing differences	<u>2,700</u>	<u>1,867</u>
	<u>4,469</u>	<u>3,486</u>

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **18 CAPITAL COMMITMENTS**

The Company had no capital commitments at 31 December 2020 (2019 - £Nil).

#### **19 POST-EMPLOYMENT BENEFITS**

##### **19 (a) Defined contribution pension scheme**

The Company makes contributions to a defined contribution scheme covering its employees. The Company's pension cost for the defined contribution scheme for the year was £13,632,000 (2019 - £13,776,000). An amount of £793,000 (2019 - £900,000) is included in other creditors at the balance sheet date, representing contributions accrued but not paid until after the balance sheet date.

##### **19 (b) Defined benefit pension schemes**

The Company administers two closed pension schemes, The Edmundson Electrical Limited Pension Scheme and The Otra UK (1995) Group Pension Scheme. The schemes are of a defined benefit type with the assets being managed through separate trustee administered funds.

Under FRS 102 a surplus of scheme assets may be recognised to the extent it is recoverable through reduced employer contributions in the future or through refunds from the scheme.

##### **The Edmundson Electrical Limited Pension Scheme**

The contributions to this fund are based upon independent actuarial advice using the projected unit method. The pension scheme is administered by an independent trustee who is responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations. Triennial actuarial valuations of the scheme are made by Mercer Limited, an independent consulting actuary, with the most recent having been carried out as at 31 March 2019 and updated to 31 December 2020. Following actuarial advice contributions of £Nil (2019 - £4.2m) were paid in the year.

The pension scheme has security of a contingent floating charge over all the assets of the Company to protect the scheme members in the unlikely event of the Company not meeting its funding obligations (see note 23b).

## EDMUNDSON ELECTRICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 19 POST-EMPLOYMENT BENEFITS (CONTINUED)

##### 19 (b) Defined benefit pension schemes (continued)

The valuation of the scheme's liabilities for the purpose of these financial statements has been based on this actuarial valuation updated to 31 December 2020. The major assumptions used were as follows:

	<u>2020</u> Per annum	<u>2019</u> Per annum
Rate of increase in salaries	N/A	N/A
Rate of increase in deferred pensions	2.45%	2.20%
Rate of increase in pensions in payment (pre 1997)	3.00%	3.00%
Rate of increase in pensions in payment (post 1997)	3.50%	3.55%
Discount rate	1.40%	2.05%
Inflation assumption (RPI)	2.95%	3.00%
Inflation assumption (CPI)	2.45%	2.20%

The mortality assumptions used were as follows:

	<u>2020</u> Years	<u>2019</u> Years
Member aged 65 (current life expectancy):		
- Men	22.3	22.3
- Women	24.0	24.0
Member aged 45 (life expectancy at age 65):		
- Men	23.9	23.9
- Women	25.8	25.8

The assets in the scheme are as follows:

	<u>2020</u> £000	<u>2019</u> £000
Equities	198,651	186,168
Bonds	232,901	203,666
Property	23,394	23,742
Cash	<u>21,020</u>	<u>16,192</u>
Total fair value of assets	475,966	429,768
Present value of scheme liabilities	<u>(449,473)</u>	<u>(398,565)</u>
Surplus in the scheme	26,493	31,203
Effect of asset limit	<u>(26,493)</u>	<u>(31,203)</u>
Net pension surplus	-	-

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **19 POST-EMPLOYMENT BENEFITS (CONTINUED)**

##### **19 (b) Defined benefit pension schemes (continued)**

###### **Movement in the scheme during the year**

	<u>Assets</u> £000	<u>Liabilities</u> £000	<u>Total</u> £000
At 1 January 2020	429,768	(398,565)	31,203
Actuarial gain / (loss)	53,756	(58,464)	(4,708)
Interest income / (expense)	8,644	(8,011)	633
Expenses paid from plan assets	(635)	-	(635)
Benefits paid	<u>(15,567)</u>	<u>15,567</u>	<u>-</u>
At 31 December 2020	<u>475,966</u>	<u>(449,473)</u>	26,493
Effect of asset limit			<u>(26,493)</u>
At 31 December 2020 after effect of asset limit			<u>-</u>

The return on plan assets during the year was a gain of £62,400,000 (2019 - £60,800,000).

#### **The Otra UK (1995) Group Pension Scheme**

The contributions to this fund are based upon independent actuarial advice using the projected unit method. The pension scheme is administered by independent trustees who are responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations. Triennial actuarial valuations of the scheme are made by Mercer Limited, an independent consulting actuary, with the most recent having been carried out as at 31 March 2018 and updated to 31 December 2020. Following actuarial advice contributions of £Nil (2019 - £Nil) were paid in the year.

The Company incurs professional fees on behalf of The Otra UK (1995) Group Pension Scheme. These pension costs in the year were £196,000 (2019 - £160,000).

The valuation of the scheme's liabilities for the purpose of these financial statements has been based on the actuarial valuation updated to 31 December 2020.

## EDMUNDSON ELECTRICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 19 POST-EMPLOYMENT BENEFITS (CONTINUED)

##### 19 (b) Defined benefit pension schemes (continued)

The major assumptions used were as follows:

	<u>2020</u>	<u>2019</u>
	Per annum	Per annum
Rate of increase in pensions in deferment:		
GMP	Fixed Rate	Fixed Rate
Excess pension over GMP	2.50%	2.40%
Rate of increase in pensions in payment:		
GMP earned for the pre 06/04/1988 service	Nil	Nil
GMP earned for the post 06/04/1988 service	2.10%	2.00%
Excess over GMP accrued pre 01/04/1995 *	4.00% or Nil	4.05% or Nil
Excess over GMP accrued post 01/04/1995	2.90%	3.05%
Discount rate	1.35%	2.00%
Inflation assumption (RPI)	3.00%	3.05%
Inflation assumption (CPI)	2.50%	2.25%

\* Depending on previous employer

The mortality assumptions used were as follows:

	<u>2020</u>	<u>2019</u>
	Years	Years
Member aged 65 (current life expectancy):		
- Men	22.0	22.0
- Women	23.9	23.9
Member aged 45 (life expectancy at age 65):		
- Men	23.6	23.7
- Women	25.7	25.7

The assets in the scheme are as follows:

	<u>2020</u>	<u>2019</u>
	£000	£000
Bonds	15,043	13,848
Cash	<u>1,105</u>	<u>1,622</u>
Total fair value of assets	16,148	15,470
Present value of scheme liabilities	<u>(12,614)</u>	<u>(12,022)</u>
Surplus in the scheme	3,534	3,448
Effect of asset limit	<u>(3,534)</u>	<u>(3,448)</u>
Net pension surplus	-	-

**EDMUNDSON ELECTRICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19 POST-EMPLOYMENT BENEFITS (CONTINUED)**

**19 (b) Defined benefit pension schemes (continued)**

**Movement in the scheme during the year**

	<u>Assets</u> £000	<u>Liabilities</u> £000	<u>Total</u> £000
At 1 January 2020	15,470	(12,022)	3,448
Actuarial gain / (loss)	1,145	(1,128)	17
Interest income / (expense)	304	(235)	69
Benefits paid	<u>(771)</u>	<u>771</u>	<u>-</u>
At 31 December 2020	16,148	(12,614)	3,534
Effect of asset limit			<u>(3,534)</u>
At 31 December 2020 after effect of asset limit			<u>-</u>

The return on plan assets during the year was £1,449,000 (2019 - £1,184,000).

**Aggregated defined benefit pension schemes**

It should be noted that a pension surplus or deficit calculated under FRS 102 represents an estimate at a point in time and is not necessarily indicative of the eventual funding position of a scheme.

The following amounts for The Edmundson Electrical Limited Pension Scheme and The Otra UK (1995) Group Pension Scheme have been recognised in the profit and loss account and the statement of comprehensive income in the year to 31 December 2020 under the requirements of FRS 102:

**Analysis of amount charged to operating profit**

	<u>2020</u> £000	<u>2019</u> £000
Professional fees relating to the Otra scheme	196	160
Expenses paid from defined benefit pension scheme assets	<u>635</u>	<u>732</u>
	<u>831</u>	<u>892</u>

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **19 POST-EMPLOYMENT BENEFITS (CONTINUED)**

##### **19 (b) Defined benefit pension schemes (continued)**

###### **Analysis of amount included as interest receivable and similar income**

	<u>2020</u> £000	<u>2019</u> £000
Net interest income on pension scheme assets	702	938
Effect of pension scheme asset limit adjustment	<u>(702)</u>	<u>(938)</u>
Net interest income after effect of asset limit	<u>-</u>	<u>-</u>

###### **Analysis of amount recognised in other comprehensive income**

	<u>2020</u> £000	<u>2019</u> £000
Actual return excluding interest income on pension scheme assets	54,901	50,576
Experience gains and losses arising on scheme liabilities	4,644	5,693
Changes in assumptions underlying the present value of the scheme liabilities	<u>(64,236)</u>	<u>(58,261)</u>
Actuarial loss on pension schemes	(4,691)	(1,992)
Effect of pension scheme asset limit adjustment	<u>5,326</u>	<u>(1,476)</u>
Actuarial gain / (loss) recognised after effect of asset limit	<u>635</u>	<u>(3,468)</u>

#### **20 CALLED UP SHARE CAPITAL**

	<u>2020</u> £000	<u>2019</u> £000
<u>Allotted and fully paid</u>		
Equity:		
57,877,100 (2019 – 57,877,100) ordinary shares of £1 each	<u>57,877</u>	<u>57,877</u>

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **21 EMPLOYEES**

The average number of persons employed by the Company in the UK during the year was:

	<u>2020</u> No.	<u>2019</u> No.
Selling, warehousing and distribution	3,540	3,780
Management and administration	<u>388</u>	<u>384</u>
	<u>3,928</u>	<u>4,164</u>

#### **22 DIRECTORS' EMOLUMENTS**

##### **22 (a) Emoluments of the Directors of Edmundson Electrical Limited**

	<u>2020</u> £000	<u>2019</u> £000
Aggregate emoluments	2,180	2,006

##### **22 (b) Particulars of emoluments**

	<u>2020</u> £000	<u>2019</u> £000
Emoluments of the highest paid Director, excluding pension contributions	811	716

No Directors (2019 - None) accrued benefits in the year under the defined benefit pension schemes. The accrued pension benefit of the highest paid Director under the defined benefit schemes was £Nil at 31 December 2020 (2019 - £Nil). One Director (2019 - One) accrued benefits under money purchase schemes. Company contributions to money purchase schemes in respect of the Director were £6,000 (2019 - £19,000).

#### **23 CONTINGENT LIABILITIES**

##### **23 (a) Bank cross guarantee**

A composite guarantee structure exists between Edmundson Electrical Limited, Marlowe Holdings Investments Limited and Marlowe Holdings Limited in favour of a bank. At 31 December 2020, the borrowings guaranteed amounted to £Nil (2019 - £Nil).

## **EDMUNDSON ELECTRICAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **23 CONTINGENT LIABILITIES (CONTINUED)**

##### **23 (b) Contingent charges**

Upon closing The Edmundson Electrical Limited Pension Scheme to future accrual (see note 19), the Company agreed with the trustee of the scheme to register a contingent floating charge over all assets to protect scheme members in the unlikely event of the Company not meeting its funding obligations. The contingent charge would only crystallise if the pension scheme were to fall into a situation where agreements to fund the scheme were triggered and then only if the Company defaulted on its obligations under those agreements or became insolvent.

At the date of signing the financial statements the Directors consider the possibility of the charge ever becoming non-contingent as being very remote. The obligation under the contingent charge as at the date of signing the financial statements is £Nil. The maximum amount payable under the charge is £10m (2019 - £10m).

##### **23 (c) Contingent liability**

The Company is in dialogue with HM Revenue and Customs about a potential further liability beyond existing provisions which may become due in the future, although the Directors believe this is unlikely.

#### **24 PARENT UNDERTAKINGS**

The ultimate parent undertaking and controlling party is Blackfriars Corporation, an American company incorporated in the State of Delaware.

The immediate parent undertaking is Marlowe Holdings Investments Limited, which is a wholly owned subsidiary of Marlowe Holdings Limited, a company registered in England. Marlowe Holdings Limited is the smallest and largest group to consolidate the financial statements of Edmundson Electrical Limited and copies of the financial statements of Marlowe Holdings Limited may be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

#### **25 RELATED PARTY TRANSACTIONS**

The Company made purchases of approximately £41.6m (2019 - £46.6m) from companies connected to certain shareholders of the ultimate parent undertaking of which amounts payable of £10.7m (2019 - £9.7m) were included in creditors at the year end.

The Company made sales of approximately £0.2m (2019 - £0.1m) to companies connected to certain shareholders of the ultimate parent undertaking of which amounts receivable of £Nil (2019 - £Nil) were included in debtors at the year end.

Furthermore, there was related party income of £2.1m (2019 - £2.0m) and related party expense of £0.5m (2019 - £0.5m) in respect of non-trading transactions.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Marlowe Holdings Limited group.