

**Brand Addition Limited**

Report and Financial Statements

Year Ended

31 December 2021

Company Number 02083209

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# Brand Addition Limited

Report and financial statements  
for the year ended 31 December 2021

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## Directors

C Lee  
C L Thomson

## Secretary and registered office

L C Penfold

Broadway  
Trafford Wharf Road  
Manchester  
England  
M17 1DD

## Bankers

HSBC Bank Plc  
North West Corporate Banking Centre  
2<sup>nd</sup> Floor  
Hardman Square  
Spinningfields  
Manchester  
M3 3EB

## Independent auditors

PricewaterhouseCoopers LLP  
No 1 Spinningfields  
Hardman Square  
Manchester  
M3 3EB

# Brand Addition Limited

## Strategic report for the year ended 31 December 2021

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The Directors submit their strategic report and audited financial statements for the year ended 31 December 2021.

### Principal activities

The principal activity of the Company is the sale of promotional products internationally, to many of the world's best-known brands.

### Review of the business position at the year-end and future outlook

The business remains focused on its core strategy to win, grow, and retain international contracts. The Company's goals for 2022 are to build on the revenue growth of 2021, through the continued retention of major clients and the successful implementation of contracts won in 2021. Furthermore, it seeks to attract new contracts with major international brands through its strong credentials in ESG, technology and creativity, which is continues to develop. .

Revenue for the year was £72,213,000 (2020: £46,275,000). The Company has two divisions; consumer promotions where product is used by customers to drive their own sales and corporate programmes where product is used for brand awareness and stakeholder engagement. Revenue in 2021 was 56% ahead of prior year and 22.4% ahead of 2019 (pre-pandemic) revenue. Incremental consumer promotions revenue (£17,600,000) and incremental new business (£6,100,000) contributed to the majority of the revenue growth, with the remainder coming from recovery of the corporate programme division.

Operating profit was £5,374,000 (2020: £982,000). Operating profit in 2020 is after impairment losses on intercompany financial and contract assets of £1,700,000 and includes contributions of £953,000 from the Government for furloughed employees, as part of the Coronavirus job retention scheme. The Directors consider profit before finance income and expense, tax, depreciation, amortisation, and exceptional items ("Adjusted EBITDA") and return on sales ("ROS" being Adjusted EBITDA as a percentage of revenue) to be more meaningful indicators of the performance of the Company. Adjusted EBITDA for the year was £7,745,000 (2020: £2,538,000) and ROS was 10.7% (2020: 5.5%).

The Company is cash generative requiring minimal fixed capital investment and some working capital investment to support growth. Cash at the year end was £6,909,000 (2020: £3,023,000). Net assets at 31 December 2021 were £36,518,000 (2020: £31,919,000).

### Key performance indicators

The Company's key performance indicators are revenue as disclosed in the financial statements, Adjusted EBITDA and ROS as disclosed above.

### Principal risks and uncertainties

The Company's operations expose it to a variety of market, strategic, financial and operational risks.

The Pebble Group Plc ("Group") Board of directors have overall responsibility for ensuring risk is effectively managed across the Group and, on behalf of the Board, the Audit Committee facilitates the review of the risk management process. The policies set by the Audit Committee are implemented by the Company's Directors and finance department.

### Market risk

#### *Macroeconomic environment*

The ongoing impact of the pandemic on the macroeconomic environment, including demand and supply chain disruption, continues to pose a risk of a global economic downturn. Such downturn could impact on demand for the Company's products and services and on gross margins, thereby affecting the ability to meet revenue and EBITDA targets. In assessing this risk, consideration must also be given to the current conflict in Ukraine and the resulting sanctions imposed on Russia by governments worldwide that will increase this risk.

The Company has proved its ability to maintain profitability and cash generation from reduced demand caused by the COVID-19 pandemic. In the event of an economic downturn, the diversification of revenues across geographies and sectors provides some protection against the impact of a reduction in demand and the flexibility of the operating model below gross margin gives the business the ability to protect profits. The Company is highly cash generative and the large corporate nature of the client base results in a high-quality balance sheet.

# Brand Addition Limited

## Strategic report for the year ended 31 December 2021 *(continued)*

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### Principal risks and uncertainties *(continued)*

#### Market risk *(continued)*

##### *Pandemic related disruption*

Due to a variety of external factors including a successful global vaccine rollout, easing of Government restrictions, improved customer confidence and improved wider trading conditions, the impact of the COVID-19 pandemic was reduced in 2021. Nevertheless, in the longer term, the Company must continue to be prepared for the potential impact of any new pandemic outbreaks. These factors pose a risk to demand for products and services, which could impact its ability to meet revenue and EBITDA targets.

The Company took swift action during 2020 in response to the pandemic, managing its flexible cost base to remain profitable and cash generative. In 2021, the Company made an immediate return to 2019 sales levels from its strong client base that is diverse, both geographically and from a sector perspective. The Company has a strong balance sheet, effective working capital disciplines, is cash generative and has access to a £10m revolving credit facility. Having successfully navigated through this difficult period, the Directors are confident in the Company's ability to deal with any continued disruptions from COVID-19 and in the long-term prospects for the business.

#### Strategic risk

##### *Concentrated client base*

The Company has a relatively small number of key clients and in 2021 generated 89% of revenue from the top 20 clients. A loss or significant reduction in activity from a major clients could materially affect the Company's ability to meet its revenue and Adjusted EBITDA targets. Delivering on the strategic objective of the business to grow through new client acquisition means the Adjusted EBITDA impact of any one client is diluted.

#### Financial risk

##### *Currency risk*

The Company contracts with certain customers and suppliers in Euros and US Dollars and manages this foreign currency risk using forward foreign exchange contracts. Hedge accounting is not applied.

##### *Liquidity risk*

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing the cash balance. The Company policy throughout the year has been to ensure continuity of funding. Short-term flexibility is achieved by revolving working capital facilities.

The Company is party to a Group cross-guarantee banking arrangement, which is a revolving credit facility of £10,000,000 expiring in November 2023. Interest was charged at a rate of LIBOR + 1.9% up to November 2021. From this point, interest is charged at a rate of SONIA + 1.9% and no significant impact is expected from this change. As at year end the balance on the facility was £nil (2020: £nil).

##### *Credit risk*

The Company's principal financial assets are cash, trade receivables and amounts owed by group undertakings. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Company's trade receivables. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The credit losses historically incurred by the Company have been negligible.

##### *Interest rate risk*

The Company finances its operations through its own cash and the Group rolling credit facility. The interest on this is not deemed material and the Company is therefore not susceptible to interest rate risk.

# Brand Addition Limited

Strategic report  
for the year ended 31 December 2021 (continued)

## Principal risks and uncertainties (continued)

### Operational risk

#### *Breach of IT security or cyber-attack*

IT Security breaches, computer malware and other cyber-attacks could result in a loss of business for the Company. Such incidents may give rise to a potential liability through litigation and damage the Company's reputation with clients. Generally, reported incidences of cyber-attacks targeted at businesses are becoming more frequent and of greater scale and sophistication.

The Company implements a robust testing process on systems and software that includes external penetration testing by software consultants. Disaster recovery plans have been developed to respond to such incidents to ensure the business is able to recover with limited interruption should an incident arise. The Company has crisis management procedures in place to help deal with any IT security incident efficiently.

#### *Climate change*

Climate change presents a range of risks to the Company. Risks of extreme weather events could potentially affect the Company's infrastructure and operations and also that of its supply chain. The transition to a low-carbon economy could increase both product and operational & distribution costs due to increased regulatory compliance and carbon taxes. Customer preferences and concerns will increase demand for wider ranges of low-carbon sustainable products, services and delivery options that may be difficult to identify, source and deliver, which could negatively impact customer demand, retention and the Company's reputation.

The Company is committed to addressing meaningfully the challenges faced in tackling climate change. The business has embraced and welcomed the demand of its customers for sustainable products and established supply chains to source products that meet the high standards expected of its clients and their own commitments to ESG. The risk of supply chain disruption is minimised through the Company's diverse supply chain.

Further details regarding the Company's actions and commitments to ESG is set out in the Group's annual ESG report, which can be found on The Pebble Group's website.

## Section 172

### *Our key stakeholders*

The Company has identified the three key stakeholder groups set out below, the issues that are most relevant to each of them and details of how it has, and continues to, engage with each of them.

Our teams	Clients	Strategic suppliers
<p><b>Why we engage</b></p> <p>The sustainable success of our business depends upon our engagement with our teams.</p> <p>We engage to promote the Group's corporate culture and cascade our ethical values, behaviours and expectations.</p> <p>We aim to create a positive and inclusive culture, sensitive to the issues that affect our people, so they can thrive and grow.</p> <p>We engage to ensure that we continue to develop and invest in our highly talented and dedicated people in the right way.</p>	<p><b>Why we engage</b></p> <p>Effective engagement is key to attracting, and retaining, a quality client base from which we can nurture strong and long-term relationships.</p> <p>Our clients' success is driven by the quality of our products and services. We ensure continued investment in the right technology, services and teams to enhance our relationships and create long-term value on both sides.</p>	<p><b>Why we engage</b></p> <p>The quality of our products and services is heavily influenced by the careful management of our relationships with our strategic suppliers.</p> <p>Ensuring we retain, and develop, our diverse and robust supply base is more important than ever to manage global supply chain challenges. The Company's collaboration with key suppliers in Asia, Europe, and North America develops and ensures robust long-term trusted partnerships with suppliers that conform to clients' and Group's expectations on ethical values, ESG, and sustainability standards.</p>

# Brand Addition Limited

Strategic report  
for the year ended 31 December 2021 (continued)

## Section 172 (continued)

<p><b>How we engage</b></p> <ul style="list-style-type: none"> <li>▪ Encourage feedback, including via team surveys, employee forums and one-to-one discussions</li> <li>▪ Use of structured personal development plans and formal assessment tools</li> <li>▪ Enhancing training opportunities via Learning Management Software (LMS)</li> <li>▪ Management development programme</li> <li>▪ Regular business performance and strategy updates directly from our Group CEO, CFO and the Company's senior team</li> <li>▪ Access to anonymous whistleblowing service</li> <li>▪ Operation of the Group Long Term Incentive Plan (LTIP) and Group Sharesave Plan (SAYE)</li> </ul>	<p><b>How we engage</b></p> <ul style="list-style-type: none"> <li>▪ Via regular one-to-one feedback discussions across multiple client touch points</li> <li>▪ In person and virtual meetings/events to update on business objectives and provide opportunities for shared learning</li> <li>▪ Quarterly Business Reviews with key clients</li> </ul> <p>Client questionnaires, including Net Promoter Scores which allow us to measure client satisfaction</p>	<p><b>How we engage</b></p> <ul style="list-style-type: none"> <li>▪ Through use of formal written contracts, negotiated transparently and openly to set clear expectations</li> <li>▪ Via regular face-to-face and virtual meetings to discuss performance and provide feedback</li> <li>▪ Ongoing two-way evaluation processes to facilitate business improvement and address ultimate client demands</li> <li>▪ Supplier networking events providing efficient, easy access to growth and development opportunities</li> </ul> <p>Formal audit processes providing feedback and opportunities for development</p>
<p><b>Key topics of engagement</b></p> <ul style="list-style-type: none"> <li>• Company vision: one, three, and five-year strategic plans including opportunities for departmental growth and advancement</li> <li>• Pandemic impact: how the Company has responded, what this means for our teams, and changes to our way of working</li> <li>• Return to office strategy: need for a flexible working environment with support for team health and well-being</li> <li>• Opportunities for growth and development and support in reaching full personal potential</li> <li>• Embracing diversity, equity and inclusion (DEI)</li> <li>• Environmental impact of our organisation: our work on ESG and commitments to sustainability</li> <li>• Social impact of our organisation and community initiatives</li> </ul>	<p><b>Key topics of engagement</b></p> <ul style="list-style-type: none"> <li>• Pandemic impact: our response and client support</li> <li>• Ongoing development and improvement of our technology, services and client support</li> <li>• Collaboration on growth strategies</li> <li>• ESG and sustainability: how we can support and deliver on clients' and Partners' ESG commitments, whilst also achieving our own</li> </ul>	<p><b>Key topics of engagement</b></p> <ul style="list-style-type: none"> <li>• Supply chain impact and risk mitigation from product sourcing to logistics and delivery. This relates to both direct and indirect production, Brexit, shipping and their impact on lead times and costs</li> <li>• Changing industry trends and future relationships</li> <li>• Efficiency strategies, growth opportunities</li> <li>• Supporting the Group's ESG and sustainability commitments and goals, specifically: environmental impact of product being supplied, packaging, supply chain</li> <li>• How the Group can assist, influence, and develop its suppliers' own ESG and sustainability plans</li> </ul>

# Brand Addition Limited

## Strategic report for the year ended 31 December 2021 (continued)

### Section 172 (continued)

Impact of engagement	Impact of engagement	Impact of engagement
<ul style="list-style-type: none"> <li>• Teams are informed and therefore engaged</li> <li>• Increased and improved flexibility in working patterns</li> <li>• Formal adoption of Group DEI policy</li> <li>• Improved focus on talent pipeline and development of succession planning aligned with DEI</li> <li>• Promotion of leaders from within our businesses, alongside new talent sourced externally</li> <li>• Implementation of ESG initiatives and successful social and community engagement</li> <li>• Incentivisation of teams is aligned with the Group's long-term performance and shareholder value</li> </ul>	<ul style="list-style-type: none"> <li>• Client Retention: Clients have shown they value long-term relationships. Through the pandemic, we secured new business and retained contracts with all key clients</li> <li>• We continue to place sustainability at the centre of our five-year strategic development plan 'ba.ONE sustainability and growth'</li> <li>• Recruitment of a 'sustainability manager'</li> </ul>	<ul style="list-style-type: none"> <li>• Long term relationships with our suppliers enabled us to continue to secure products while supply chains were challenged</li> <li>• Successful navigation of supply chain pressures allowed the Company to deliver to agreed schedules for its clients at volumes ahead of FY 19</li> </ul>

### Approval

This strategic report was approved by the Board on 1 July 2022 and signed on its behalf by:



C L Thomson  
Director

# Brand Addition Limited

## Directors' report for the year ended 31 December 2021

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The Directors submit their report and audited financial statements for the year ended 31 December 2021.

### Principal activities

The principal activity of the Company is the sale of promotional products internationally, to many of the world's best-known brands.

### Results and dividends

The Company's operating profit for the financial year was £5,374,000 (2020: £982,000). No dividend has been paid during the year (2020: £nil) and the Directors do not recommend the payment of a final dividend (2020: nil). Dividends received from subsidiary undertakings in the year were £543,000 (2020: £nil).

### Directors and their interests

The Directors who held office during the year and up to the date of signing the financial statements are listed below:

C Lee  
C L Thomson

During the year and as at the date of approval, the Company maintains insurance to indemnify Directors against liability incurred in relation to its activities.

No Director or any members of their families had any interest either during or at the end of the year in any contract with the Company requiring disclosure under Parts II and III of Schedule 6 of the Companies Act 2006.

### Going concern

In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections for the two years ending 31 December 2023. Following careful consideration of the base case forecasts and the application of severe but plausible downside scenarios to these forecasts, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate within the level of its current facilities for a period of at least twelve months from the date of this Report. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the Company financial statements.

The Company meets its day-to-day working capital requirements through its own cash balances and Group committed banking facilities. The Company is party to a Group cross-guarantee banking arrangement entered into by its ultimate parent company, The Pebble Group plc (see note 23). For this reason, the Company has received a letter of support from The Pebble Group plc.

### Employee involvement and disabled employees

The Company regularly provides employees with information on matters of concern to them, consulting them or their representatives regularly so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as common goals and awareness of the Company's strategy play a major role in delivering its strategic objectives.

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their particular aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

### Political donations

No political donations were made during the year (2020: £nil).

# Brand Addition Limited

## Directors' report for the year ended 31 December 2021 (continued)

### Research and development

The Company continues to invest in its internally developed ERP system and web platforms supporting customer websites.

### UK greenhouse gas emissions and energy use

Under the companies (Directors' Report) and Limited Liabilities Partnerships (Energy & Carbon Report) Regulations 2019, we are mandated to disclose our UK energy use and associated greenhouse gas (GHG) emissions. Specifically, and as a minimum, we are required to report those GHG emissions relating to natural gas, electricity and transport fuel as well as an intensity ratio, under the Streamlined Energy & Carbon Reporting (SECR) Regulations.

Emission Data	Unit of Measure	2021	2020	Variance
Direct (Scope 1) – Natural gas	kgCO <sub>2</sub> e	62,389	50,645	23%
Indirect (Scope 2) – Purchased electricity (Location based)	kgCO <sub>2</sub> e	58,696	60,297	-3%
Other (Scope 3) – Business travel in employee-owned vehicles	kgCO <sub>2</sub> e	3,399	15,875	-79%
<b>Total energy consumption</b>	<b>kWh</b>	<b>571,689</b>	<b>571,235</b>	<b>0%</b>
<b>Total emissions</b>	<b>kgCO<sub>2</sub>e</b>	<b>124,484</b>	<b>126,817</b>	<b>-2%</b>
<b>Intensity ratio kgCO<sub>2</sub> per £m of revenue</b>		<b>1,724</b>	<b>2,741</b>	<b>-37%</b>

### Matters disclosed elsewhere within the financial statements

Required disclosures in relation to the Company's key performance indicators, business review, financial risk management, principal risks and uncertainties and future outlook have been included within the Company's Strategic report on pages 2 to 6.

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the report and financial statements 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 101 "Reduced Disclosure Framework", 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 101 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.

# Brand Addition Limited

## Directors' report for the year ended 31 December 2021 (*continued*)

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### Directors' confirmations

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

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

### Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by



C L Thomson  
Director  
1 July 2022

# Independent auditors' report to the members of Brand Addition Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Brand Addition Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its 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 101 "Reduced Disclosure Framework", 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 Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the income statement, the statement of other 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.

### 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.

# Independent auditors' report to the members of Brand Addition Limited (continued)

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 2021 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.

### 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 employment legislation and health and safety laws, 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 and UK tax legislation. 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 posting inappropriate journal entries to improve financial performance and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing minutes of meetings of those charged with governance, where available;
- incorporating an element of unpredictability into our audit procedures;
- identifying and testing journal entries, including those with unusual account combinations relating to the principal fraud risks set out above; and
- challenging assumptions and judgements made by management in their significant accounting estimates.

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.

# Independent auditors' report to the members of Brand Addition Limited (continued)

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.

## 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.



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

1 July 2022

# Brand Addition Limited

## Income statement For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	4	72,213	46,275
Cost of goods sold	5	(52,312)	(32,400)
<b>Gross profit</b>		<b>19,901</b>	<b>13,875</b>
Operating expenses	5	(14,006)	(11,896)
Net impairment losses on financial and contract assets	5	-	(1,700)
Operating expenses - exceptional	7	(521)	(250)
<b>Total operating expenses</b>		<b>(14,527)</b>	<b>(13,846)</b>
Other income	8	-	953
<b>Operating profit</b>		<b>5,374</b>	<b>982</b>
<b>Analysed as:</b>			
Adjusted EBITDA <sup>1</sup>		7,745	2,538
Depreciation	14	(708)	(568)
Amortisation	13	(941)	(738)
Share-based payment charge		(201)	-
Exceptional items	7	(521)	(250)
<b>Total operating profit</b>		<b>5,374</b>	<b>982</b>
Income from subsidiary		543	-
Finance income	9	352	290
Finance expense	10	(214)	(247)
<b>Profit before taxation</b>		<b>6,055</b>	<b>1,025</b>
Income tax expense	12	(130)	(145)
<b>Profit for the year</b>		<b>5,925</b>	<b>880</b>

## Statement of other comprehensive income For the year ended 31 December 2021

### Other comprehensive (expense)/income:

Items that may be subsequently reclassified to profit and loss

Currency translation differences	(1,526)	857
Other comprehensive (expense)/income for the year	(1,526)	857
<b>Total comprehensive income for the year</b>	<b>4,399</b>	<b>1,737</b>

Note 1: Adjusted EBITDA, which is defined as operating profit before depreciation, amortisation, and exceptional items is a non-GAAP metric used by management and is not an IFRS disclosure.

All results derive from continuing operations.

The notes on pages 16 to 32 form part of these financial statements.

# Brand Addition Limited

## Statement of financial position As at 31 December 2021

<i>Company number 02083209</i>	Note	2021 £'000	2020 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	13	5,174	5,242
Property, plant and equipment	14	2,164	2,775
Investments	16	2,662	3,183
<b>Total fixed assets</b>		<b>10,000</b>	<b>11,200</b>
<b>Current assets</b>			
Inventories	17	6,713	8,905
Trade and other receivables (including £18,949,000 (2020: £18,529,000) falling due after more than one year)	18	34,954	31,215
Cash and cash equivalents		6,909	3,023
Current tax asset		42	304
<b>Total current assets</b>		<b>48,618</b>	<b>43,447</b>
<b>TOTAL ASSETS</b>		<b>58,618</b>	<b>54,647</b>
<b>LIABILITIES</b>			
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables		(19,430)	(19,238)
Lease liability		(523)	(604)
<b>Total current liabilities</b>	19	<b>(19,953)</b>	<b>(19,842)</b>
<b>NET CURRENT ASSETS</b>		<b>28,665</b>	<b>23,605</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>38,665</b>	<b>34,805</b>
Creditors: amounts falling due after more than one year	20	(2,146)	(2,886)
<b>NET ASSETS</b>		<b>36,519</b>	<b>31,919</b>
<b>Equity and reserves</b>			
Share capital	22	74	74
Share premium		2,032	2,032
Capital contribution		265	64
Retained earnings		34,148	29,749
<b>TOTAL EQUITY</b>		<b>36,519</b>	<b>31,919</b>

The financial statements on pages 13 to 32 were approved by the Board of Directors on 1 July 2022 and signed on its behalf by



C.L. Thomson  
Director  
1 July 2022

The notes on pages 16 to 32 form part of these financial statements.

## Brand Addition Limited

### Statement of changes in equity For the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Capital contribution £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2020</b>	74	2,032	64	28,012	30,182
Profit for the year	-	-	-	880	880
Other comprehensive income	-	-	-	857	857
<b>Total comprehensive income</b>	-	-	-	1,737	1,737
<b>At 31 December 2020</b>	74	2,032	64	29,749	31,919
Profit for the year	-	-	-	5,925	5,925
Other comprehensive expense	-	-	-	(1,526)	(1,526)
<b>Total comprehensive income</b>	-	-	-	4,399	4,399
Employee share schemes – value of employee services (note 24)	-	-	201	-	201
<b>Total transaction with owners</b>	-	-	201	-	201
<b>At 31 December 2021</b>	<b>74</b>	<b>2,032</b>	<b>265</b>	<b>34,148</b>	<b>36,519</b>

The notes on pages 16 to 32 form part of these financial statements.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021

### 1. GENERAL INFORMATION

The principal activity of Brand Addition Limited (the "Company") is the sale of promotional products internationally, to many of the world's best-known brands.

The Company is incorporated in the United Kingdom and is a private company limited by shares registered in England and Wales. The registered office of the Company is Broadway House, Trafford Wharf Road, Manchester, England M17 1DD. The Company registration number is 02083209.

### 2. ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with applicable accounting standards. Accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements have been prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial information is presented in Sterling and has been rounded to the nearest thousand (£'000).

#### *Company disclosure exemptions*

The Company has taken advantage of the following disclosure exemptions under FRS 101 as these items are disclosed in the Group financial statements of The Pebble Group Plc, which are publicly available.

- The requirement of IFRS 1, 'First-time adoption of International Financial Reporting Standards', to present a statement of financial position at the date of transition.
- IFRS 7, "Financial Instruments: Disclosures".
- Paragraphs 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- Paragraph 38 of IAS 1, "Presentation of financial statements" – comparative information requirements in respect of:
  - i. Paragraph 79(a)(iv) of IAS 1;
  - ii. Paragraph 73(e) of IAS 16, "Property, plant and equipment"; and
  - iii. Paragraph 118(e) of IAS 38, "Intangible assets" (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, "Presentation of financial statements":
  - i. 10(d) (statement of cash flows);
  - ii. 16 (statement of compliance with all IFRS);
  - iii. 38A (requirement of minimum of two primary statements, including cash flow statements);
  - iv. 38B-D (additional comparative information);
  - v. 40A-D (requirements for a third statements of financial position);
  - vi. 111 (statement of cash flows information); and
  - vii. 134-136 (capital management disclosures).
- IAS 7, "Statement of cash flows".
- Paragraphs 30 and 31 of IAS 8, "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, "Related party disclosures" (key management compensation).
- The requirements in IAS 24, "Related party disclosures", to disclose the related party transactions entered into between two or more members of a group.
- Paragraphs 130(f)(ii)(iii), 134(d)-(f) and 135(c)-(e) of IAS 36, "Impairment of assets".

These financial statements contain information about Brand Addition Limited as an individual company and not about its group. The Company has taken advantage of the exemption offered by section 400 of the Companies Act 2006 from the requirement to prepare group financial statements, as the Company is itself a subsidiary company.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 2. ACCOUNTING POLICIES (continued)

#### (b) Going concern

In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections for the two years ending 31 December 2023. Following careful consideration of the base case forecasts and the application of severe but plausible downside scenarios to these forecasts, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate within the level of its current facilities for a period of at least twelve months from the date of this Report. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the Company financial statements.

The Company meets its day-to-day working capital requirements through its own cash balances and Group committed banking facilities. The Company is party to a Group cross-guarantee banking arrangement entered into by its ultimate parent company, The Pebble Group plc (see note 23). For this reason, the Company has received a letter of support from The Pebble Group plc.

#### (c) New standards, amendments and interpretations

##### *New and amended standards adopted by the Company*

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

##### *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on these financial statements together with estimates with a significant risk of material adjustment in the next year are discussed in note 3.

#### (d) Revenue

Revenue arises from the provision of services through technology and a global infrastructure that enables the efficient sale and distribution of products to support corporate marketing activity and consumer promotions of businesses.

To determine whether to recognise revenue, the Company follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT, rebates and other sales related taxes.

Contracts with customers take the form of customer orders under a framework agreement. There is one distinct performance obligation, being the design, sourcing, and distribution of products to the customer, for which the transaction price is clearly identified. Revenue is recognised at a point in time when the Company satisfies performance obligations by transferring the promised goods to its customers, i.e. when control has passed from the Company to the customer. This tends to be on receipt of the product by the customer.

Customer invoices tend to be raised when the goods are delivered and the performance obligation is satisfied. These invoices are shown within trade receivables and payment is usually made within 60 days (being the common payment terms). In cases where the goods have been delivered and an invoice cannot be raised at that time, the income is accrued and presented within contract assets on the statement of financial position. A small number of customers are invoiced in advance and these amounts are deferred and presented within contract liabilities.

#### (e) EBITDA and Adjusted EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA are non-GAAP measures used by management to assess the operating performance of the Company. EBITDA is defined as operating profit before depreciation, and amortisation. Exceptional items are excluded from EBITDA to calculate Adjusted EBITDA.

The Directors primarily use the Adjusted EBITDA measure when making decisions about the Company's activities. As these are non-GAAP measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 2. ACCOUNTING POLICIES (continued)

#### (f) Exceptional items

The Company's income statement separately identifies exceptional items. Such items are those that in the Directors' judgement are one-off in nature or non-operating and need to be disclosed separately by virtue of their size or incidence. In determining whether an item should be disclosed as an exceptional item, the Directors consider quantitative and qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board.

#### (g) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where events or transactions that result in an obligation to pay more tax in the future, or a right to pay less tax in future, have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### (h) Finance costs

Finance costs of financial liabilities are recognised in the income statement over the term of such instruments at a constant rate on the carrying amount. Issue costs relating to financial instruments are recognised in the income statement over the term of the debt at a constant rate over the instrument's life.

#### (i) Intangible assets

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal or contractual rights regardless of whether those rights are separable and are initially recognised at fair value.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. The Company has one cash generating unit. Other intangibles are stated at cost less accumulated amortisation and accumulated impairment losses.

#### *Development costs*

Research costs are charged to the income statement in the year in which they are incurred and are presented within operating expenses. Internal development costs that are incurred during the development of significant and separately identifiable new technology are capitalised when the following criteria are met:

- it is technically feasible to complete the technological development so that it will be available for use;
- management intends to complete the technological development and use or sell it;
- it can be demonstrated how the technological development will develop probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- expenditure attributable to the technological product during its development can be reliably measured.

Capitalised development costs include costs of materials and direct labour costs. Internal costs that are capitalised are limited to incremental costs specific to the project.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred and presented within operating expenses, together with any amortisation which is charged to the income statement on a straight-line basis over the estimated useful lives of development intangible assets.

Assets classified as "work in progress" are not amortised as such assets are not currently available for (or in) use. Once in use, assets will be recategorised and amortised at the rate appropriate to their classification.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 2. ACCOUNTING POLICIES (continued)

#### (i) Intangible assets (continued)

##### *Computer software*

Computer software purchased separately, that does not form an integral part of related hardware, is capitalised at cost. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite and is presented within operating expenses. All intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Computer software – 3 - 5 years;
- Development costs – 3 - 5 years.

#### (j) Impairment losses

The carrying amounts of the Company's assets are tested for impairment. Assets with an indefinite useful life are not depreciated or amortised but are tested for impairment at each reporting date. Assets subject to amortisation/depreciation and impairment losses are tested for impairment every time events or circumstances indicate that they may be impaired.

Impairment losses are recognised in the income statement based on the difference between the carrying amount and the recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in use. To determine the value in use, management estimates expected future cash flows and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset and reflect current market assessments of the time value of money and asset-specific risk.

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics; they have been grouped based on the days past due.

#### (k) Financial instruments

##### *Financial assets*

Non-derivative financial assets are classified as either financial assets at amortised cost, fair value through profit or loss or fair value through other comprehensive income. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The basis of classification depends on the Company's business model and the contractual cash flow characteristics of the financial asset. All financial assets of the Company are held at amortised cost.

Financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under IFRS 9, the Company elected to use the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. In addition, IFRS 9 requires the Company to consider forward-looking information and the probability of default when calculating expected credit losses.

The measurement of expected credit losses reflects an unbiased and probability weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The expected loss rates are based on the payment profiles of sales over the year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 2. ACCOUNTING POLICIES (continued)

#### (k) Financial instruments (continued)

The Company considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement. Only when amounts are confirmed irrecoverable, are they written off to the income statement.

#### *Financial liabilities*

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Company's finance leases, trade and most other payables fall into this category of financial instruments.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

#### *Financial derivatives*

The Company uses derivative financial instruments to hedge its exposure to risks arising from operational activities, principally foreign exchange and interest rate risk. In accordance with treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. The Company does not hedge account for these items. Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists. At certain times the Company has foreign currency forward contracts that fall into this category.

#### (l) Foreign currencies

Foreign currency items are translated using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Foreign currency differences are taken to the income statement. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the transaction date exchange rate.

#### (m) Investments

Investments in subsidiaries are stated at cost, unless the Directors consider that their value has been impaired in which case they are valued at a lower of their realisable value or value in use.

#### (n) Tangible assets and depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- Fixtures and fittings – 3 - 15 years;
- Computer hardware – 5 years.

#### (o) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances.

#### (p) Inventories

Inventories are valued at the lower of cost and net realisable value on a FIFO basis. Cost comprises purchase price plus associated freight and duty costs for imported goods. Inventories are regularly assessed for evidence of impairment. Where such evidence is identified, a provision is recognised to reduce the value of stock to its selling price after incurring any future costs to sell.

#### (q) Leases

The Company applies IFRS 16 to account for leases. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 2. ACCOUNTING POLICIES (continued)

#### (q) Leases (continued)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. Extension and termination options are included in a number of property and equipment leases across the Company and so lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Group's incremental borrowing rate, which is based on the Group's financing facilities, and adjusted where necessary for the specific terms of the lease.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded directly in profit or loss if the carrying amount of the right-of-use asset is zero.

The Company presents right-of-use assets within property, plant and equipment in note 14.

#### *Short-term leases and low value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term lease of machinery that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

#### (r) Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### (i) Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### (ii) Defined contribution pension plans

The Company operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are included in accruals within trade and other payables in the balance sheet. The assets of the plans are held separately from the Company in independently administered funds.

##### (iii) Share-based payments

Equity-settled awards are valued at the grant date, and the fair value is charged as an expense in the income statement spread over the vesting period. Fair value of the awards are measured using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model. The fair value of the options, appraised at the grant date, includes the impact of market-based vesting conditions if applicable.

Share-based remuneration is recognised as an expense in profit or loss with the credit side of the entry being recorded in equity.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

#### (s) Government grants

In preparing the financial statements, IAS 20, 'Accounting for Government Grants and Disclosure of Government Assistance' has been applied such that grants have been recognised in profit or loss on a systematic basis over the periods in which we have recognised the expense for the related costs for which the grants are intended to compensate. In 2020, as part of the Coronavirus Job Retention Scheme, a benefit of £1.0 million was credited to the income statement. There were no unfulfilled conditions or other contingencies attached to this grant. No government grants have been received in 2021.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 2. ACCOUNTING POLICIES (continued)

#### (t) Dividends received from subsidiaries

Dividend received from subsidiaries is recognised when the right to receive payment is established.

#### (u) Equity, reserves and dividend payments

##### *Share capital*

Share capital represents the nominal (par) value of shares that have been issued.

##### *Share premium*

Share premium represents the difference between the nominal value of shares issued and the fair value of consideration received. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

##### *Capital contribution*

The capital contribution reserve arose from employee share options previously provided by the Company.

##### *Retained earnings*

Retained earnings includes all current and prior period retained profits and losses, including foreign currency translation differences.

All transactions with owners of the parent are recorded separately within equity.

Dividends are recognised when approved by the Company's shareholders or, in the case of interim dividends, when the dividend has been paid.

#### (v) Segment reporting

The Company's Chief Operating Decision Maker ("CODM") is considered to be the Executive Directors. The CODM consider the Company to have one operating segment, being the sale of promotional marketing products.

### 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the preparation of the Company financial statements, the Directors, in applying the accounting policies of the Company, make some judgements and estimates that affect the reported amounts in the financial statements. The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements:

#### (a) Accounting estimates

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided below. Actual results may be substantially different.

##### **Goodwill impairment**

The Company tests goodwill for impairment every year in accordance with the relevant accounting policies. The recoverable amounts of cash-generating unit are determined by calculating value in use. These calculations require the use of estimates.

Goodwill relates to the various historic acquisitions made and amounts to £1,885,000 as at 31 December 2021. The estimates used in the impairment calculation are set out in the Group financial statements.

##### **Useful economic lives of property, plant and equipment**

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change; therefore, this could have an adverse effect on the future results of the Company. There is no significant risk of material adjustment to the carrying amount of the property, plant and equipment within the next twelve months.

The useful economic lives applied are set out in the accounting policies and are reviewed annually.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### (a) Accounting judgements

##### Judgements in applying accounting policies and key sources of estimation uncertainty

The areas on the following page requiring the use of judgement that may significantly impact the Company financial statements.

##### Capitalisation of internal development costs

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Capitalised development expenditure is analysed further in note 13.

##### Credit risk associated with amounts owed by group undertakings

The Directors are required to estimate the credit risk associated with the Company's receivables, including amounts owed by group undertakings. In doing so, the Directors use their knowledge of the financial position and cash flows of the wider Group of which the Company is a subsidiary. There is no significant risk of material adjustment to the carrying amount of the Company's receivables within the next twelve months.

### 4. REVENUE

In the opinion of the Directors, the Company has one main business segment which is the sale of promotional marketing products and hence segmental disclosures are not considered to be required. The Board assesses the performance of the operating segment based on Adjusted EBITDA.

All non-current assets of the Company reside in the UK.

##### Analysis of revenue by geographical destination

	2021	2020
	£'000	£'000
United Kingdom	26,788	21,917
Continental Europe	33,916	18,444
America	2,564	1,609
Rest of the World	8,945	4,305
<b>Total revenue</b>	<b>72,213</b>	<b>46,275</b>

The geographical revenue information above is based on the location of the customer.

Included within Rest of World is £4,361,000 of revenue from China.

##### Major customers

In 2021 there were two major customers that individually accounted for at least 10% of total revenues (2020: two customers). The revenues relating to these customers in 2021 were £33,215,000 (2020: £17,162,000).

All the above revenues are generated from contracts with customers and are recognised at a point in time.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 5. EXPENSES BY NATURE

	2021	2020
	£'000	£'000
Inventory recognised as an expense	41,879	26,885
Other cost of sales	10,433	5,515
<b>Total cost of sales</b>	<b>52,312</b>	<b>32,400</b>
Exceptional items (note 7)	521	250
Staff costs (note 6)	9,543	8,374
Net impairment losses on financial and contract assets	-	1,700
Amortisation of intangible assets (note 13)	941	738
Depreciation of property, plant and equipment (note 14)	708	568
Share-based payment charge (note 24)	201	-
Auditors' remuneration (note 11)	50	39
Foreign exchange loss and movement in foreign exchange derivative contracts	58	17
Intergroup management recharges	703	577
Other external charges	1,802	1,583
<b>Total operating expenses</b>	<b>14,527</b>	<b>13,846</b>
<b>Total cost of sales and operating expenses</b>	<b>66,839</b>	<b>46,246</b>

Depreciation and amortisation are charged to operating expenses in the income statement.

### 6. EMPLOYEES AND DIRECTORS

Personnel costs are analysed below:

	2021	2020
	£'000	£'000
Staff costs (including Directors) consist of:		
Wages and salaries	8,348	7,305
Social security costs	822	740
Other pension costs	373	329
<b>Total personnel expenses</b>	<b>9,543</b>	<b>8,374</b>

Additional personnel costs of £397,000 (2020: £208,000) have been capitalised as intangible assets (see note 13).

#### Defined contribution scheme

The amount recognised in the income statement as an expense in relation to the Company's defined contribution plans is £373,000 (2020: £329,000). Included within accruals and other creditors is £22,000 (2020: £15,000) for outstanding contributions to the defined contribution plans.

During the year, the monthly average number of the Company's employees (including Executive Directors and temporary employees) was as follows:

	2021	2020
	No.	No.
By function:		
Management	4	4
Sales and distribution	108	110
Administration	117	115
<b>Total employees</b>	<b>229</b>	<b>229</b>

#### Directors' emoluments

Emoluments of the Directors and their contributions to a defined contribution pension scheme were borne by another group company in the year. These are disclosed in full in the financial statements of The Pebble Group plc, the ultimate parent undertaking. The amount recharged to Brand Addition Limited during the financial year was £108,000 (2020: £279,000).

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 6. EMPLOYEES AND DIRECTORS (continued)

#### Highest paid director

The highest paid director's emoluments recharged to Brand Addition Limited during the financial year were as follows:

	2021	2020
	£'000	£'000
Salaries including bonuses and social security costs	62	157
Pension contributions	-	3
<b>Total personnel expenses</b>	<b>62</b>	<b>160</b>

### 7. OPERATING EXPENSES - EXCEPTIONAL

	2021	2020
	£'000	£'000
Impairment of goodwill and investments	521	-
Reorganisation and restructuring	-	250
<b>Total exceptionals</b>	<b>521</b>	<b>250</b>

Exceptional items relate to the write off of the investments associated with subsidiary undertakings going through liquidation as part of a corporate simplification exercise.

In 2020, costs incurred as a result of changes made to headcount to align people costs with anticipated ongoing sales volumes.

### 8. OTHER INCOME

An analysis is set out below:

	2021	2020
	£'000	£'000
Contributions from the use of Government furlough schemes	-	953
<b>Total other income</b>	<b>-</b>	<b>953</b>

In 2020, contributions of £953,000 were received from the Government for furloughed employees, as part of the Coronavirus job retention scheme.

### 9. FINANCE INCOME

An analysis is set out below:

	2021	2020
	£'000	£'000
Interest receivable from group undertakings	352	290
<b>Total finance income</b>	<b>352</b>	<b>290</b>

### 10. FINANCE EXPENSE

An analysis is set out below:

	2021	2020
	£'000	£'000
Bank interest payable	13	15
Unwind of discount finance costs on lease liability	200	227
Other interest payable	1	5
<b>Total finance expense</b>	<b>214</b>	<b>247</b>

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 11. AUDITORS' REMUNERATION

	2021	2020
	£'000	£'000
Fees payable to the Company's auditors for the audit of Brand Addition Limited	50	39
<b>Total auditors' remuneration</b>	<b>50</b>	<b>39</b>

### 12. INCOME TAX EXPENSE

	2021	2020
	£'000	£'000
<b>Current income tax</b>		
- UK corporation tax charge for the year	232	-
- Adjustments in respect of prior years	6	-
<b>Total current income tax</b>	<b>238</b>	<b>-</b>
<b>Deferred tax</b>		
- Deferred tax	27	111
- Adjustments in respect of prior years	(173)	48
- Impact of rate change	38	(14)
<b>Total deferred tax</b>	<b>(108)</b>	<b>145</b>
<b>Total income tax expense</b>	<b>130</b>	<b>145</b>

Current taxes comprise the income taxes of the Company, while deferred taxes show changes in deferred tax assets and liabilities which were recognised by the Company on the temporary differences between the carrying amount of assets and liabilities and their amount calculated for tax purposes, using the rates that are expected to apply in the year these differences will reverse.

<b>Analysis of charge in year</b>	2021	2020
	£'000	£'000
<i>Reconciliation of total tax charge:</i>		
Profit before taxation	4,170	1,025
Profit before taxation multiplied by the rate of corporation tax in the UK of 19% (2020: 19%)	792	195
<b>Effects of:</b>		
Expenses not deductible for tax purposes	342	323
Adjustments in respect of prior years	(167)	48
Impact of UK rate change	38	(14)
Non-chargeable income	(90)	(50)
Group relief claimed	(785)	(357)
<b>Total income tax expense</b>	<b>130</b>	<b>145</b>

#### Factors that may affect future tax charges

The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## Brand Addition Limited

### Notes to the financial statements for the year ended 31 December 2021 *(continued)*

#### 13. INTANGIBLE ASSETS

	Goodwill	Software and development costs	Work in progress	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Balance at 1 January 2021	4,899	9,621	222	14,742
Additions	-	476	397	873
Reclassifications	-	538	(538)	-
<b>Balance at 31 December 2021</b>	<b>4,899</b>	<b>10,635</b>	<b>81</b>	<b>15,615</b>
<b>Accumulated amortisation</b>				
Balance at 1 January 2021	3,014	6,486	-	9,500
Charge for year	-	941	-	941
<b>Balance at 31 December 2021</b>	<b>3,014</b>	<b>7,427</b>	<b>-</b>	<b>10,441</b>
<b>Net book value</b>				
At 31 December 2020	1,885	3,135	222	5,242
<b>At 31 December 2021</b>	<b>1,885</b>	<b>3,208</b>	<b>81</b>	<b>5,174</b>

Personnel costs of £397,000 (2020: £208,000) have been capitalised as intangible assets in the year.

Software and development costs relate to development of the company's ERP system and customer websites and are being written off over periods between 3 and 5 years.

## Brand Addition Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 14. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings	Computer hardware	Right-of-use Assets	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Balance at 1 January 2021	1,858	1,436	5,577	8,871
Additions	63	250	-	313
Disposals	-	-	(216)	(216)
<b>Balance at 31 December 2021</b>	<b>1,921</b>	<b>1,686</b>	<b>5,361</b>	<b>8,968</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2021	1,739	1,262	3,095	6,096
Charge for the year	51	119	538	708
<b>Balance at 31 December 2021</b>	<b>1,790</b>	<b>1,381</b>	<b>3,633</b>	<b>6,804</b>
<b>Net book value</b>				
At 31 December 2020	119	174	2,482	2,775
<b>At 31 December 2021</b>	<b>131</b>	<b>305</b>	<b>1,728</b>	<b>2,164</b>

#### Right-of-use assets – net book value

	2021	2020
	£'000	£'000
Leasehold property	1,713	2,450
Computer hardware	15	32
<b>Total Right-of-use assets – net book value</b>	<b>1,728</b>	<b>2,482</b>

#### 15. DEFERRED TAX ASSETS

Deferred tax assets are analysed as follows.

	2021	2020
	£'000	£'000
Accelerated capital allowances	64	22
Other short-term timing differences	66	-
<b>Total deferred tax asset</b>	<b>130</b>	<b>22</b>

The above amounts reflect the differences between the carrying and tax amounts of the following balance sheet headings as at each year end.

Changes during each year are as follows:

	Asset £'000
Balance at 1 January 2020	167
Tax charge in respect of current year	(145)
Balance at 31 December 2020	22
Tax credit in respect of current year	108
<b>Balance at 31 December 2021</b>	<b>130</b>

## Brand Addition Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 16. INVESTMENTS

	<b>£'000</b>
<i>Cost and carrying amount:</i>	
Balance at 1 January 2021	3,183
Disposals	(521)
<b>Balance at 31 December 2021</b>	<b>2,662</b>

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The disposal in the year relates to subsidiary undertakings in the process of liquidation as part of a corporate simplification exercise.

The Company directly owns the whole of the issued ordinary shares of the following subsidiary undertakings:

Name	Registered address	Principal activity	Class of share	Percentage holding
Product Plus International Limited	Broadway	Non-trading	Ordinary	100%
Gearworks Limited	Trafford Wharf Road Manchester M17 1DD	Non-trading	Ordinary	100%
Brand Addition Asia Limited	Unit 1605 16 <sup>th</sup> Floor Tower 3 Enterprise Square No. 9 Sheung Yuet Road Kowloon, Hong Kong	Promotional merchandise	Ordinary	100%
Brand Addition Ireland Limited	Unit G2 Calmount Business Park Ballymount, Dublin 12	Promotional merchandise	Ordinary	100%
Brand Addition Reklam Urunleri Dagitim ve Ticaret Limited Sirketi	Buyukdere Caddesi Meydan Sokak Spring Giz Plaza Kat:13 Sisli-Istanbul, Turkey	Promotional merchandise	Ordinary	100%
Brand Addition (Shanghai) Trading Co., Limited	Unit 903-905 T2 Building, VIPARK 500 Xinlong Road Minhang District Shanghai, China	Promotional merchandise	Ordinary	100%

#### 17. INVENTORIES

	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Finished goods for resale	6,713	8,905
<b>Total closing inventories</b>	<b>6,713</b>	<b>8,905</b>

Inventories are stated after provisions for impairment of £140,000 (2020: £98,000).

There is no difference between the replacement cost of stocks and carrying value.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 18. TRADE AND OTHER RECEIVABLES

	2021	2020
	£'000	£'000
<i>Amounts falling due within one year:</i>		
Trade receivables	12,229	8,838
Contract assets	444	213
Other receivables	195	193
FX derivative	266	22
Prepayments	2,265	1,932
Deferred tax asset (note 15)	41	22
Amounts owed by group undertakings	564	1,466
	<b>16,004</b>	<b>12,686</b>
<i>Amounts falling due after more than one year:</i>		
Deferred tax asset (note 15)	89	-
Amounts owed by group undertakings	18,861	18,529
	<b>18,950</b>	<b>18,529</b>
<b>Total trade and other receivables</b>	<b>34,954</b>	<b>31,215</b>

Trade receivables are stated after provisions for impairment of £39,000 (2020: £39,000).

Amounts owed by group undertakings due within one year are unsecured, have no fixed date of repayment and are repayable on demand.

We have identified £1,507,000 included in trade receivables not past due in 2020 that should have been classified as prepayments and so have amended the above note by £1,507,000 to reclassify those balances between trade receivables and prepayments. The overall trade and other receivables balance has not changed.

Amounts owed by group undertakings due after more than one year are unsecured, repayable in greater than one year and bear interest at market rates. This is stated after provisions for impairment of £1,700,000 (2020: £1,700,000). A partial expected credit loss provision has been recognised in relation to amounts due from Brand Addition GmbH, a related party. The provision relates to a balance for which there are no formally documented terms and so is required to be treated as payable on demand as required by IFRS 9. The provision recognised reflects amounts currently expected to be received more than 5 years from the reporting date.

### 19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Lease liability (note 21)	523	604
<b>Lease liabilities</b>	<b>523</b>	<b>604</b>
Trade payables	11,233	13,281
Other taxation and social security	742	210
Other payables	72	52
Accruals	2,552	1,849
Contract liabilities	3,565	2,093
Amounts owed to group undertakings	1,266	1,753
<b>Trade and other payables</b>	<b>19,430</b>	<b>19,238</b>
<b>Total current liabilities</b>	<b>19,953</b>	<b>19,842</b>

Revenues totalling £1,496,000 (2020: £406,000) were recognised in the year ended 31 December 2021 that were included in the contract liability balance as at 31 December 2020.

Amounts owed to group undertakings due within one year are unsecured, have no fixed date of repayment and are repayable on demand.

We have identified £205,000 included in trade payables and £1,874,000 included in other payables in 2020 that should have been classified as contract liabilities and so have amended the above note by £2,079,000 to reclassify those balances between trade payables, other payables and contract liabilities. The overall current liabilities balance has not changed.

## Brand Addition Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£'000	£'000
Lease liability (note 21)	2,146	2,886
	2,146	2,886

#### 21. LEASES

##### *Amounts recognised in the Statement of financial position*

The Statement of financial position shows the following amounts relating to leases:

	£'000
<b>Right-of-use assets</b>	
Balance at 1 January 2021	2,482
Disposals	(216)
Depreciation charge for the year	(538)
<b>Balance at 31 December 2021</b>	<b>1,728</b>

These are included within "Property, plant and equipment" in the Statement of financial position.

	2021	2020
	£'000	£'000
<b>Lease liabilities</b>		
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	686	808
More than one year, less than two years	595	865
More than two years, less than three years	595	607
More than three years, less than four years	595	607
More than four years, less than five years	595	607
More than five years	88	698
Total undiscounted lease liabilities at year end	3,154	4,192
Finance costs	(485)	(702)
<b>Total discounted lease liabilities at year end</b>	<b>2,669</b>	<b>3,490</b>
Lease liabilities included in the statement of financial position:		
Current	523	604
Non-current	2,146	2,886
	<b>2,669</b>	<b>3,490</b>

##### *Amounts recognised in the Income statement*

The Income statement shows the following amounts relating to leases:

	2021	2020
	£'000	£'000
Depreciation charge – fixtures and fittings	521	419
Depreciation charge – computer hardware	17	17
	<b>538</b>	<b>436</b>
Interest expense (within finance expense)	<b>200</b>	<b>227</b>

The above leases relate to office space and computer equipment. The net book value by category is set out in note 14.

Any expense for short-term and low-value leases is not material and has not been presented.

# Brand Addition Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 22. SHARE CAPITAL

	Ordinary shares	
	Number	£'000
<b>Allotted and fully paid:</b>		
Balance at 1 January 2020 and 1 January 2021 (Ordinary shares of £0.10 each)	737,288	74
Issued during the year	-	-
<b>Balance at 31 December 2020 and 31 December 2021</b>	<b>737,288</b>	<b>74</b>

### 23. CONTINGENT LIABILITIES

The Company is party to a Group cross-guarantee banking arrangement, which is a revolving credit facility of £10,000,000 expiring in November 2023. Interest was charged at a rate of LIBOR + 1.9% up to November 2021. From this point, interest is charged at a rate of SONIA + 1.9% and no significant impact is expected from this change. As at year end the balance on the facility was £nil (2020: £nil).

### 24. SHARE-BASED PAYMENTS

In the year ended 31 December 2021, The Pebble Group plc operated equity-settled share-based payment plans, which includes certain employees of the Company. Details of share-based payments are set out in note 25 to the Group financial statements.

The Company recognised total expenses of £201,000 (2020: £nil) in respect of recharges from Group for these equity-settled share-based payment transactions.

### 25. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraphs 8(j)–(k) from the provisions of FRS 101, on the grounds that it is a wholly owned subsidiary of a group headed by The Pebble Group Plc, whose financial statements are publicly available.

There are no other related party transactions to disclose for both the current and prior year.

### 26. ULTIMATE PARENT UNDERTAKING

Brand Addition Limited is controlled by The Pebble Group Plc, which is the parent company of the Group in which Brand Addition Limited is a subsidiary. There is no single controlling party of The Pebble Group Plc.

The immediate parent undertaking was H.I.G Milan UK Bidco Limited but transferred in the year to Project Amber Bidco Limited, following a corporate simplification project.

The ultimate parent undertaking and the smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared and publicly available is that headed by The Pebble Group Plc, which owns 100% of the ordinary share capital of Project Amber Bidco Limited. Copies of the consolidated financial statements for the Group headed by The Pebble Group Plc can be obtained from its registered office at Broadway, Trafford Wharf Road, Trafford Park, Manchester, England M17 1DD.