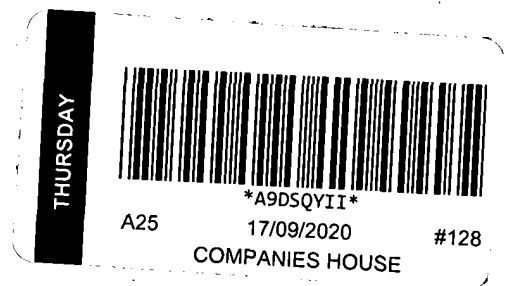


REGISTERED NUMBER: 00592844 (England and Wales)

HOVAL LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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HOVAL LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020**

DIRECTORS:

P Gerner
F Frick
K Stones
Dr R M Senti
I D Dagley
K Hibberd
K R Halley

REGISTERED OFFICE:

Northgate
Newark
Nottinghamshire
NG24 1JN

REGISTERED NUMBER:

00592844 (England and Wales)

SENIOR STATUTORY AUDITOR:

Ian Phillips FCA

AUDITORS:

Duncan & Topliss Limited, Statutory Auditor
14 London Road
Newark
Nottinghamshire
NG24 1TW

HOVAL LIMITED (REGISTERED NUMBER: 00592844)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

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

REVIEW OF BUSINESS

2019/20 has been a strong year despite the commercial construction market stopping and starting. The UK factory has continued to be a substantial contributor to our business. Clients enjoy swift lead times and UK manufactured products are of particular interest, especially in this Brexit year.

Hoval have maintained their overall market share and extended in some areas.

The Energy Recovery division has had a successful year by winning some substantial projects and Hoval has an enviable reputation for the highest quality and value for money products.

SERVICE

The After Sales and Service division show a continued steady growth and added resource allows us to offer an enhanced level of customer service. Our ability to expedite large repairs in situ does set us apart however this activity has been utilised more this year.

STRATEGY AND OUTLOOK

We are increasingly successful within the large building projects across the UK. Hoval now appear to be the supplier of choice for prestigious projects, including UK Government buildings. The high profile of climate change in recent times has given new impetus to our low carbon boilers and heat pumps and whilst this will be a challenge going forward, Hoval are probably better placed than most to react positively within the next year or so. Our proactive strategies for further development in all areas of the UK business are showing early signs of reward which is in line with Group expectations and more importantly consistent profitability.

The new focus on business development looks to be generating unprecedented opportunities.

KEY PERFORMANCE INDICATORS

The Board monitors progress against the company's strategy by reference to the following:

- continuous monitoring of product range to ensure it meets the needs of the UK market
- progress of introduction of new products
- monthly comparison of sales and order intake with budget

PRINCIPAL RISKS AND UNCERTAINTIES

The attractiveness of the UK market for sales of condensing boilers continues to encourage increased competition from overseas manufacturers, especially on smaller sized heat pumps. The UK based shell boiler manufacturers remain locked in price competition, but we are achieving good market share. With respect to the current Covid-19 pandemic, the Directors have performed a full risk assessment within the business to ascertain the impact and have taken the appropriate measures and steps to comply with Government guidelines and to ensure business continuity where possible.

Financial risk

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management program that seeks to limit the adverse effect on the financial performance of the company. Given the size of the company, the Directors are guided by the company's finance department.

Price risk

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

Credit risk.

The company has implemented policies that require appropriate credit insurance cover before sales are made.

Liquidity risk and Interest rate risk .

The company has Group support to enable it to meet its obligations as they fall due and participates in the Group cash pooling agreement.

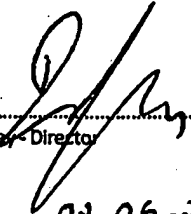
HOVAL LIMITED (REGISTERED NUMBER: 00592844)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

GOING CONCERN

The financial statements have been prepared on the going concern basis, which the directors believe is appropriate. The ultimate parent company, Interhoval AG, has undertaken to continue its financial support of the company to enable it to meet its liabilities as they fall due. The directors are confident that the company will retain their profitability in the next year based on current plans and projections and continue to receive the full support of the parent company.

ON BEHALF OF THE BOARD:


.....
I D Dagley - Director

Date: 01.06.20

HOVAL LIMITED (REGISTERED NUMBER: 00592844)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The company's principal activities continue to be the manufacture and distribution of boilers, calorifiers, pressure vessels and related energy saving equipment and the provision of after sales service.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

P Gerner
F Frick
K Stones
Dr R M Senti
I D Dagley
K Hibberd
K R Halley

Other changes in directors holding office are as follows:

A Roche - resigned 31 August 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
I D Dagley - Director

Date: 02.06.20

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOVAL LIMITED**

Opinion

We have audited the financial statements of Hoval Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOVAL LIMITED**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

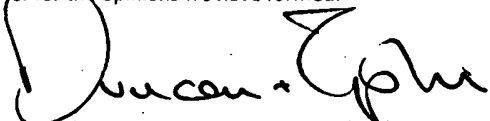
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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



Ian Phillips FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Topliss Limited, Statutory Auditor
14 London Road
Newark
Nottinghamshire
NG24 1TW

3 June 2020

HOVAL LIMITED (REGISTERED NUMBER: 00592844)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
REVENUE	4	17,973,608	15,793,474
Cost of sales		11,595,884	10,386,796
GROSS PROFIT		6,377,724	5,406,678
Distribution costs		278,353	218,088
Administrative expenses		5,278,699	5,048,349
		5,557,052	5,266,437
OPERATING PROFIT	6	820,672	140,241
Interest payable and similar expenses	8	59,315	47,565
Other finance costs	19	141,000	157,000
		200,315	204,565
PROFIT/(LOSS) BEFORE TAXATION		620,357	(64,324)
Tax on profit/(loss)	9	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		620,357	(64,324)

The notes form part of these financial statements

HOVAL LIMITED (REGISTERED NUMBER: 00592844)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
PROFIT/(LOSS) FOR THE YEAR		620,357	(64,324)
OTHER COMPREHENSIVE INCOME			
Capital contribution			
Actuarial gain / (loss)		1,672,000	47,000
Movement on deferred tax relating to pension liability			
Transfer to revaluation reserve			
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		1,672,000	47,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,292,357	(17,324)

The notes form part of these financial statements

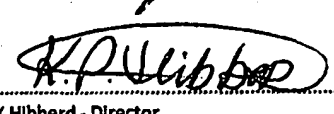
HOVAL LIMITED (REGISTERED NUMBER: 00592844)

STATEMENT OF FINANCIAL POSITION
31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		81,243		87,158
Property, plant and equipment	11		2,736,098		2,577,544
			<u>2,817,341</u>		<u>2,664,702</u>
CURRENT ASSETS					
Inventories	12	1,699,379		1,574,203	
Debtors	13	5,648,621		5,363,999	
Cash at bank and in hand		336,355		635,136	
		<u>7,684,355</u>		<u>7,573,338</u>	
CREDITORS					
Amounts falling due within one year	14	2,553,738		2,712,439	
NET CURRENT ASSETS			<u>5,130,617</u>		<u>4,860,899</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,947,958</u>		<u>7,525,601</u>
PENSION LIABILITY	19		<u>(4,431,000)</u>		<u>(6,301,000)</u>
NET ASSETS			<u><u>3,516,958</u></u>		<u><u>1,224,601</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		1,000,000		1,000,000
Share premium	18		75,000		75,000
Revaluation reserve	18		673,660		673,660
Other reserves	18		11,094,349		11,094,349
Retained earnings	18		(9,326,051)		(11,618,408)
SHAREHOLDERS' FUNDS			<u><u>3,516,958</u></u>		<u><u>1,224,601</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 20th JUNE 2020 and were signed on its behalf by:


I D Dagley - Director


K Hibberd - Director

The notes form part of these financial statements

HOVAL LIMITED (REGISTERED NUMBER: 00592844)

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

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 April 2018	1,000,000	(11,601,084)	75,000
Changes in equity			
Total comprehensive Income	-	(17,324)	-
Balance at 31 March 2019	1,000,000	(11,618,408)	75,000
Changes in equity			
Total comprehensive Income	-	2,292,357	-
Balance at 31 March 2020	1,000,000	(9,326,051)	75,000
	Revaluation reserve £	Other reserves £	Total equity £
Balance at 1 April 2018	673,660	11,094,349	1,241,925
Changes in equity			
Total comprehensive Income	-	-	(17,324)
Balance at 31 March 2019	673,660	11,094,349	1,224,601
Changes in equity			
Total comprehensive Income	-	-	2,292,357
Balance at 31 March 2020	673,660	11,094,349	3,516,958

The notes form part of these financial statements

HOVAL LIMITED (REGISTERED NUMBER: 00592844)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	112,812	709,799
Interest paid		(982)	(1,485)
Finance costs paid		(58,333)	(46,080)
Net cash from operating activities		<u>53,497</u>	<u>662,234</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(351,226)	(339,236)
Sale of tangible fixed assets		(1,052)	1,500
Net cash from investing activities		<u>(352,278)</u>	<u>(337,736)</u>
(Decrease)/increase in cash and cash equivalents		<u>(298,781)</u>	<u>324,498</u>
Cash and cash equivalents at beginning of year	2	635,136	310,638
Cash and cash equivalents at end of year	2	<u><u>336,355</u></u>	<u><u>635,136</u></u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit/(loss) before taxation	620,357	(64,324)
Depreciation charges	198,205	152,200
Loss/(profit) on disposal of fixed assets	1,434	(868)
Adjustment for pension funding	(339,000)	(226,000)
Finance costs	200,315	204,565
	<u>681,311</u>	<u>65,573</u>
Increase in inventories	(125,176)	(238,534)
Increase in trade and other debtors	(261,740)	(211,778)
(Decrease)/increase in trade and other creditors	(181,583)	1,094,538
	<u>112,812</u>	<u>709,799</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>336,355</u>	<u>635,136</u>

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>635,136</u>	<u>310,638</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.19	Cash flow	At 31.3.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>635,136</u>	<u>(298,781)</u>	<u>336,355</u>
	<u>635,136</u>	<u>(298,781)</u>	<u>336,355</u>
Total	<u>635,136</u>	<u>(298,781)</u>	<u>336,355</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. GENERAL INFORMATION

Hoval Limited is a limited company incorporated in England and Wales. The address of the registered office is given in the company information on page one of these financial statements. The nature of the company's operations and principal activities are detailed in the report of the directors on page 4.

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

2. STATUTORY INFORMATION

Hoval Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Related party exemption

The company has taken advantage of exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates

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

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

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are disclosed as appropriate within the notes to the financial statements.

Turnover

Turnover, which excludes Value Added Tax, represents the invoiced value of goods and services supplied. Contracting turnover represents the value of work executed during the year, once attributable profit can be reliably measured.

Development costs

Development costs have been capitalised at cost where they relate to commercially viable projects and are written off over 20 years from the date that commercial production begins. 20 years is considered appropriate as it is in line with government guidelines regarding Renewable Heat Incentives.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 25% on cost and not provided
Plant and machinery	- 25% on cost and 5% on cost
Fixtures, fittings, tools & equipment	- 25% on cost and 10% on cost

Fixed assets are stated at cost with the exception of freehold buildings which are held at fair value calculated on an open market basis in February 2018.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

3. ACCOUNTING POLICIES - continued

Inventories and long-term contracts

Inventories are stated at the lower of cost and fair value less costs to complete and sell. In general, cost is determined on a weighted average basis and includes transport and handling costs. In the case of manufactured products, cost includes direct expenditure and production overheads based on a normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective inventory.

The amount of long-term contracts, at costs incurred, net of amounts transferred to costs of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work in progress and inventories as long-term contract balances. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long-term contracts. Payments in excess of recorded turnover and long-term contract balances are included in creditors as payments received on account on long-term contracts. The amount by which provisions or accruals for foreseeable losses exceeds costs incurred, after transfers to cost of sales, is included within either provisions for liabilities and charges or creditors, as appropriate.

As the company sells goods it is subject to changing consumer demands and economic trends. As a result it is necessary to consider the recoverability of the cost of inventories and the associated provisioning required. When calculating the provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the financial reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the financial reporting date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rate of exchange ruling at the financial reporting date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

3. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Based on actuarial advice, contributions are made to pension schemes to provide for retirement benefits related to projected final salaries for employees and for post retirement pension increases. Independent actuaries undertake valuations every three years.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the financial reporting date less the fair value of the plan assets at the financial reporting date.

The defined benefit obligation is calculated using the projected unit credit method. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds of equivalent term and currency. The pension scheme surplus (to the extent recoverable) or deficit is recognised in full. The movement in the scheme surplus or deficit is split between operating charges, finance items and, in the statement of other comprehensive income, actuarial gains and losses.

The company also operates a defined contribution scheme, the cost of which is charged to the income statement as incurred.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

4. REVENUE

The revenue and profit (2019 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	2020 £	2019 £
United Kingdom	17,749,981	15,665,267
Rest of World	223,627	128,207
	<u>17,973,608</u>	<u>15,793,474</u>

5. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	3,447,687	3,193,466
Social security costs	363,355	323,095
Other pension costs	252,229	337,965
	<u>4,063,271</u>	<u>3,854,526</u>

The average number of employees during the year was as follows:

	2020	2019
Management	5	4
Marketing and administration	66	65
Production	25	21
	<u>96</u>	<u>90</u>

Staff costs shown above exclude employee related costs analysed as exceptional items.

	2020 £	2019 £
Directors' remuneration	392,287	398,908
Directors' pension contributions to money purchase schemes	38,447	37,340
	<u>430,734</u>	<u>436,248</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2020	2019
Money purchase schemes	<u>5</u>	<u>5</u>

Information regarding the highest paid director is as follows:

	2020 £	2019 £
Emoluments etc	114,699	99,009
Pension contributions to money purchase schemes	<u>10,823</u>	<u>9,630</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Hire of plant and machinery	227,087	230,043
Depreciation - owned assets	192,290	146,285
Loss/(profit) on disposal of fixed assets	1,434	(868)
Development costs amortisation	5,915	5,915
Auditors' remuneration	26,650	22,900
Foreign exchange differences	261,992	207,440
Operating leases - land and buildings	69,353	44,745

7. EXCEPTIONAL ITEMS

	2020	2019
	£	£
Exceptional Items	-	(82,000)

Exceptional items relates to a provision for GMP equalisation recognised in these financial statements following a recent judgement which has impacted many companies with a defined benefit pension scheme in the UK.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	982	1,485
Group interest	58,333	46,080
	59,315	47,565

9. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2020 nor for the year ended 31 March 2019.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit/(loss) before tax	620,357	(64,324)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	117,868	(12,222)
Effects of:		
Expenses not deductible for tax purposes	4,092	8,929
Capital allowances in excess of depreciation	(18,624)	(41,979)
Other timing differences	(103,336)	45,272
Total tax charge	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

9. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2020 Tax £	Net £
Capital contribution			
Actuarial gain / (loss)	1,672,000	-	1,672,000
Movement on deferred tax relating to pension liability			
Transfer to revaluation reserve			
	<u>1,672,000</u>	<u>-</u>	<u>1,672,000</u>
	Gross £	2019 Tax £	Net £
Capital contribution			
Actuarial gain / (loss)	47,000	-	47,000
Movement on deferred tax relating to pension liability			
Transfer to revaluation reserve			
	<u>47,000</u>	<u>-</u>	<u>47,000</u>

There has been no charge for corporation tax in any of the periods presented due to the losses sustained in earlier periods. These losses are carried forward to offset against future trading profits. The estimated losses carried forward as at 31 March 2020 were £8,516,682.

10. INTANGIBLE FIXED ASSETS

	Development costs £
COST	
At 1 April 2019 and 31 March 2020	<u>118,289</u>
AMORTISATION	
At 1 April 2019	31,131
Amortisation for year	<u>5,915</u>
At 31 March 2020	<u>37,046</u>
NET BOOK VALUE	
At 31 March 2020	<u>81,243</u>
At 31 March 2019	<u>87,158</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Fixtures, fittings, tools & equipment £	Totals £
COST OR VALUATION				
At 1 April 2019	1,582,755	1,583,517	244,433	3,410,705
Additions	129,357	111,756	110,113	351,226
Disposals	-	-	(36,595)	(36,595)
At 31 March 2020	1,712,112	1,695,273	317,951	3,725,336
DEPRECIATION				
At 1 April 2019	248,475	406,471	178,215	833,161
Charge for year	25,657	114,030	52,603	192,290
Eliminated on disposal	-	-	(36,213)	(36,213)
At 31 March 2020	274,132	520,501	194,605	989,238
NET BOOK VALUE				
At 31 March 2020	1,437,980	1,174,772	123,346	2,736,098
At 31 March 2019	1,334,280	1,177,046	66,218	2,577,544

Cost or valuation at 31 March 2020 is represented by:

	Freehold property £	Plant and machinery £	Fixtures, fittings, tools & equipment £	Totals £
Valuation in 1990	330,000	-	-	330,000
Valuation in 2018	343,660	-	-	343,660
Cost	1,038,452	1,695,273	317,951	3,051,676
	1,712,112	1,695,273	317,951	3,725,336

If freehold buildings had not been revalued they would have been included at the following historical cost:

	2020 £	2019 £
Cost	909,095	909,095
Aggregate depreciation	248,475	248,475
Value of land in freehold land and buildings	290,069	290,069

Freehold land and buildings were valued on an open market basis on 23 February 2018 by Tony Gravel MRICS.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

12. INVENTORIES

	2020	2019
	£	£
Raw materials	1,047,287	1,073,568
Work-in-progress	72,483	78,622
Finished goods	579,609	422,013
	<u>1,699,379</u>	<u>1,574,203</u>

Inventories are stated after provisions for impairment of £650,557 (2019: £597,562).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	4,936,511	4,824,393
Amounts owed by group undertakings	22,882	7,516
Other debtors	431,266	58,924
Prepayments and accrued income	257,962	473,166
	<u>5,648,621</u>	<u>5,363,999</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	794,848	1,072,726
Amounts owed to group undertakings	840,739	768,022
Other taxes and social security	703,714	651,635
Other creditors	41,045	38,708
Accruals and deferred income	173,392	181,348
	<u>2,553,738</u>	<u>2,712,439</u>

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	196,541	233,397
Between one and five years	78,978	215,218
	<u>275,519</u>	<u>448,615</u>

16. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	4,936,511	4,824,393
Amounts owed by group undertakings	22,882	7,516
Other debtors	431,266	58,924
Financial liabilities measured at amortised cost		
Trade creditors	794,850	1,072,726
Amounts owed to group undertakings	840,739	768,022
Other creditors	41,045	38,708

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the income statement is £nil (2019: £nil) and £58,333 (2019: £46,080) respectively.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
2,000,000	Ordinary	50p	<u>1,000,000</u>	<u>1,000,000</u>

18. RESERVES

	Retained earnings £	Share premium £	Revaluation reserve £	Other reserves £	Totals £
At 1 April 2019	(11,618,408)	75,000	673,660	11,094,349	224,601
Profit for the year	620,357				620,357
Actuarial losses on pension scheme	1,672,000	-	-	-	1,672,000
At 31 March 2020	<u>(9,326,051)</u>	<u>75,000</u>	<u>673,660</u>	<u>11,094,349</u>	<u>2,516,958</u>

Other reserves relate to capital contributions made by the parent company.

19. EMPLOYEE BENEFIT OBLIGATIONS

The Company sponsors the Hoval Limited Pension Plan, a funded defined benefit pension scheme in the UK. The scheme is set up on a tax relieved basis as a separate trust independent of the Company and is supervised by independent trustees. The trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

The scheme closed to future benefit accrual on 31 July 2007. On closure, the link to pensionable salary for active members ceased and all active members at that time became deferred members of the scheme. The scheme provides pensions and lump sums to members on retirement and to their dependants on death.

Since the closure of the scheme to benefit accrual on 31 July 2007, no employee contributions have been paid. The Company meets the ongoing funding costs of the scheme, as determined by regular actuarial valuations, which are usually carried out every three years. The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

In respect of funding the shortfall the Company has agreed to make contributions of £320,000 per annum, payable quarterly and increasing each 1 April by changes in the Retail Prices Index. The first such increase applied with effect from 1 April 2018.

An estimated provision has been included as at 31 March 2020 for the equalisation of GMP. The provision has been calculated at 0.5% of total scheme liabilities totalling £82,000. The effect of this adjustment is not material to these financial statements.

A full actuarial valuation was carried out as at 5 April 2017. The results of that valuation have been projected to 31 March 2020 by a qualified independent actuary.

The pension liability is secured on the company's property.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Present value of funded obligations	(15,394,000)	(16,499,000)
Fair value of plan assets	10,963,000	10,198,000
	(4,431,000)	(6,301,000)
Present value of unfunded obligations	-	-
Deficit	(4,431,000)	(6,301,000)
Net liability	(4,431,000)	(6,301,000)

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	141,000	157,000
Past service cost	-	82,000
Administration expenses	1,000	21,000
	142,000	260,000
Actual return on plan assets	1,177,000	509,000

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening defined benefit obligation	16,499,000	16,402,000
Past service cost	-	82,000
Interest cost	371,000	403,000
Actuarial losses/(gains)	(725,000)	216,000
Benefits paid	(751,000)	(604,000)
	15,394,000	16,499,000

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening fair value of scheme assets	10,198,000	9,985,000
Contributions by employer	340,000	329,000
Interest income	230,000	246,000
Actuarial gains/(losses)	947,000	263,000
Benefits paid	(751,000)	(604,000)
Administration expenses	(1,000)	(21,000)
	<u>10,963,000</u>	<u>10,198,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans		Retirement healthcare benefits	
	2020	2019	2020	2019
	£	£	£	£
Actuarial gains/(losses)	-	47,000	1,672,000	-
	<u>-</u>	<u>47,000</u>	<u>1,672,000</u>	<u>-</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Equities	2,890,000	2,585,000
Property	691,000	701,000
Infrastructure	421,000	432,000
Bonds	5,808,000	6,116,000
Gilts	415,000	301,000
Cash and net current assets	738,000	63,000
	<u>10,963,000</u>	<u>10,198,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	2.40%	2.30%
Pension increases CPI (0,3)	1.30%	1.90%
Revaluation of deferred pensions	1.45%	2.15%
Pension increases RPI (0,5)	2.35%	3.05%
Retail Price Index Inflation assumption	2.45%	3.15%
Consumer Price Index Inflation assumption	1.45%	2.15%

HOVAL LIMITED (REGISTERED NUMBER: 00592844)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Mortality assumptions:

	31.3.20	31.3.19
	100% SAPS	100% SAPS
Base table and rating	S2PXA	S2PXA
Improvement method	Year of birth	Year of birth
	CMI 2018 1%	CMI 2018 1%

Future expected lifetime of member at age 65:

Male born in 1954 (2018: 1953)	21.4	21.5
Female born in 1954 (2018: 1953)	23.3	23.4
Male born in 1974 (2018: 1973)	22.4	22.5
Female born in 1974 (2018: 1973)	24.6	24.6

20. ULTIMATE HOLDING COMPANY

Interhoval AG (incorporated in Switzerland) is regarded by the directors as being the company's ultimate parent company.

21. RELATED PARTY DISCLOSURES

The company made purchases totalling £1,167,950 (2019: £806,015) and sales totalling £33 (2019: £5,073) during the year to/from a company in which Hoval Limited's parent company has a significant interest. The balances owed by Hoval Limited at the year end totalled £317,442 (2019: £181,658).

Other debtors totalling £411,629 (2019: £nil) was due from Hoval Limited Pension Plan.

Key management includes the directors of the company. The compensation paid or payable to key management for employee services is disclosed in note 5 of the financial statements.

22. DEFERRED TAXATION

Tax losses of £8,517,351 (2019: £9,192,224) are available for relief against future profits of the company's trade. No deferred tax asset has been recognised as the directors are, as yet, uncertain when the tax losses will be utilised.

The company also has an unrecognised deferred tax liability in respect of Accelerated Capital Allowances of £195,991 (2019: £155,162).

23. GOING CONCERN

The financial statements have been prepared on the going concern basis, which the directors believe is appropriate. The ultimate parent company, Interhoval AG, has undertaken to continue its financial support of the company to enable it to meet its liabilities as they fall due. The directors are confident that the company will retain their profitability in the next year based on current plans and projections. A full assessment of the impact of COVID-19 was performed and the directors do not consider there to be any significant impact on the going concern status of the company. The company continues to receive the full support of the parent company.