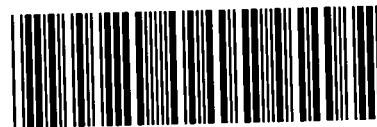


HOVAL LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

THURSDAY



A7WDJZL6

A14

03/01/2019

#310

COMPANIES HOUSE

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	Page
Company Information	1
Strategic Report	2 to 3
Report of the Directors	4
Report of the Independent Auditors	5 to 6
Income Statement	7
Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Statement of Cash Flows	12
Notes to the Financial Statements	13 to 24
Trading and Profit and Loss Account	25 to 26

HOVAL LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018**

DIRECTORS:

P Frick
R D Martin
P Gerner
F Frick
A Roche
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 & Toplis Limited, Statutory Auditor
14 London Road
Newark
Nottinghamshire
NG24 1TW

HOVAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their strategic report for the year ended 31 March 2018.

REVIEW OF BUSINESS

2017/18 has been a year where the commercial construction market almost came to a standstill and difficulties were faced by many companies. Increased time scales on first contact to order placement have been extended to 8-12 months. Notwithstanding this, Hoval Ltd have maintained their overall market share and extended in some areas.

Projects that were expected to commence for Hoval in 2017/18 will now be seen in the new financial year and it is important to note that this does accurately reflect the current industry-wide position where delays are being experienced in commencement in comparison to originally planned timelines.

The Energy Recovery division has again performed well following further machinery investments. This along with our increased capability and capacity within production has meant that we can extend the product offering into the market with shorter lead times.

STRATEGY AND OUTLOOK

Our expectations for the increase of business within the CHP market in this financial year have been met and look to continue in a similar vein. We are increasingly successful within the large building projects across the UK and especially in London. Hoval now appear to be the supplier of choice for most prestigious projects; several of which are due to commence this year. The After Sales and Service division are showing a continued steady growth and added resources allow us to offer an enhanced level of customer service in areas for which demand exists which in turn brings unique opportunities. Our proactive strategy 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 to show a return to profitability.

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. The UK based shell boiler manufacturers remain locked in price competition, but we are achieving good market share.

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 programme that seeks to limit the adverse effects on the financial performance of the company. Given the size of the company, the Directors have delegated the responsibility of monitoring financial risk management. The policies set by the Board of Directors are implemented 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 costs 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 is part of a Group cash pooling arrangement.

EMPLOYEES

The company's policy is to consult and discuss with employees matters likely to affect their interests. The company's policy on the employment of disabled persons is to give full and fair consideration to applications for employment made by disabled persons and, where practicable, to continue the employment of any employees who may become disabled. It is also policy to encourage the training and career development of all personnel.


HOVAL LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

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 return to profitability within 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: 24.5.2018

HOVAL LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

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 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

P Frick
R D Martin
P Gerner
F Frick
A Roche
K Stones
Dr R M Senti
I D Dagley
K Hibberd

Other changes in directors holding office are as follows:

K R Halley - appointed 21 September 2017

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:

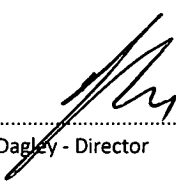
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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: 24.5.2018

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 2018 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss 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 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, 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.

Opinion 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

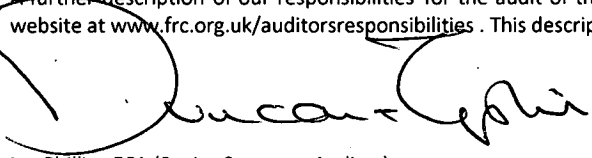
As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to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

Our 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.



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

Date:

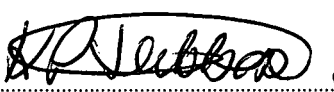
25 / May / 2018

STATEMENT OF FINANCIAL POSITION
31 MARCH 2018

	Notes	31.3.18 £	31.3.17 £
FIXED ASSETS			
Intangible assets	9	93,073	98,987
Property, plant and equipment	10	2,385,225	1,757,887
		<u>2,478,298</u>	<u>1,856,874</u>
CURRENT ASSETS			
Inventories	11	1,335,669	1,095,728
Debtors	12	7,566,888	4,857,516
Cash at bank and in hand		310,638	147,254
		<u>9,213,195</u>	<u>6,100,498</u>
CREDITORS			
Amounts falling due within one year	13	4,032,568	2,489,515
NET CURRENT ASSETS		<u>5,180,627</u>	<u>3,610,983</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,658,925</u>	<u>5,467,857</u>
PENSION LIABILITY	18	(6,417,000)	(5,926,000)
NET ASSETS/(LIABILITIES)		<u>1,241,925</u>	<u>(458,143)</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,000,000	1,000,000
Share premium	17	75,000	75,000
Revaluation reserve	17	673,660	330,000
Other reserves	17	11,094,349	8,594,349
Retained earnings	17	(11,601,084)	(10,457,492)
SHAREHOLDERS' FUNDS		<u>1,241,925</u>	<u>(458,143)</u>

The financial statements were approved by the Board of Directors on and were signed on its behalf by:


I D Dagley - Director


K Hibberd - Director

HOVAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 April 2016	1,000,000	(8,768,224)	75,000
Changes in equity			
Total comprehensive income	-	(1,689,268)	-
Balance at 31 March 2017	<u>1,000,000</u>	<u>(10,457,492)</u>	<u>75,000</u>
Changes in equity			
Total comprehensive income	-	(1,143,592)	-
Balance at 31 March 2018	<u>1,000,000</u>	<u>(11,601,084)</u>	<u>75,000</u>
	Revaluation reserve £	Other reserves £	Total equity £
Balance at 1 April 2016	330,000	8,594,349	1,231,125
Changes in equity			
Total comprehensive income	-	-	(1,689,268)
Balance at 31 March 2017	<u>330,000</u>	<u>8,594,349</u>	<u>(458,143)</u>
Changes in equity			
Total comprehensive income	343,660	2,500,000	1,700,068
Balance at 31 March 2018	<u>673,660</u>	<u>11,094,349</u>	<u>1,241,925</u>

The notes form part of these financial statements

HOVAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31.3.18 £	31.3.17 £
Cash flows from operating activities			
Cash generated from operations	1	(1,762,487)	(301,038)
Interest paid		-	(664)
Finance costs paid		(76,460)	(79,395)
Net cash from operating activities		<u>(1,838,947)</u>	<u>(381,097)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(576,638)	(93,384)
Sale of tangible fixed assets		78,969	3,602
Net cash from investing activities		<u>(497,669)</u>	<u>(89,782)</u>
Cash flows from financing activities			
Capital contribution		2,500,000	-
Net cash from financing activities		<u>2,500,000</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		<u>163,384</u>	<u>(470,879)</u>
Cash and cash equivalents at beginning of year	2	147,254	618,133
Cash and cash equivalents at end of year	2	<u><u>310,638</u></u>	<u><u>147,254</u></u>

The notes form part of these financial statements

HOVAL LIMITED

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.18	31.3.17
	£	£
Loss before taxation	(706,592)	(857,268)
Depreciation charges	229,540	109,478
(Profit)/loss on disposal of fixed assets	(9,634)	26,529
Adjustment for pension funding	(123,000)	(144,000)
Finance costs	253,460	288,059
	<u>(356,226)</u>	<u>(577,202)</u>
(Increase)/decrease in inventories	(239,941)	124,068
(Increase)/decrease in trade and other debtors	(2,709,473)	828,788
Increase/(decrease) in trade and other creditors	1,543,153	(676,692)
	<u>(1,762,487)</u>	<u>(301,038)</u>
Cash generated from operations	(1,762,487)	(301,038)

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 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	310,638	147,254

Year ended 31 March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	147,254	618,133

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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 2018**

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.

HOVAL LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31.3.18		31.3.17	
		£	£	£	£
REVENUE	4		14,969,645		15,580,398
Cost of sales			10,357,403		11,187,349
GROSS PROFIT			4,612,242		4,393,049
Distribution costs		221,659		199,902	
Administrative expenses		4,843,715		4,762,356	
			5,065,374		4,962,258
OPERATING LOSS	6		(453,132)		(569,209)
Interest payable and similar expenses	7	76,460		80,059	
Other finance costs	18	177,000		208,000	
			253,460		288,059
LOSS BEFORE TAXATION			(706,592)		(857,268)
Tax on loss	8		-		-
LOSS FOR THE FINANCIAL YEAR			(706,592)		(857,268)

The notes form part of these financial statements

HOVAL LIMITED**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31.3.18 £	31.3.17 £
LOSS FOR THE YEAR		(706,592)	(857,268)
OTHER COMPREHENSIVE INCOME			
Capital contribution		2,500,000	-
Actuarial gain / (loss)		777,000	(789,000)
Movement on deferred tax relating to pension liability		(1,214,000)	(43,000)
Transfer to revaluation reserve		343,660	-
Income tax relating to components of other comprehensive income		-	-
		<u> </u>	<u> </u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		2,406,660	(832,000)
		<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,700,068</u>	<u>(1,689,268)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

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 publically 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.

HOVAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

4. REVENUE

The revenue and loss before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	31.3.18	31.3.17
	£	£
United Kingdom	14,532,767	15,197,328
Rest of World	436,878	383,070
	<u>14,969,645</u>	<u>15,580,398</u>

5. EMPLOYEES AND DIRECTORS

	31.3.18	31.3.17
	£	£
Wages and salaries	3,164,429	3,122,695
Social security costs	329,189	328,565
Other pension costs	362,202	324,709
	<u>3,855,820</u>	<u>3,775,969</u>

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

	31.3.18	31.3.17
Production	22	20
Marketing and administration	70	67
	<u>92</u>	<u>87</u>

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

	31.3.18	31.3.17
	£	£
Directors' remuneration	350,643	357,712
Directors' pension contributions to money purchase schemes	31,558	28,484
	<u>382,201</u>	<u>386,196</u>

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

	31.3.18	31.3.17
Money purchase schemes	<u>5</u>	<u>4</u>

Information regarding the highest paid director is as follows:

	31.3.18	31.3.17
	£	£
Emoluments etc	94,341	110,150
Pension contributions to money purchase schemes	8,433	8,433
	<u>102,774</u>	<u>118,583</u>

HOVAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2018

6. OPERATING LOSS

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

	31.3.18	31.3.17
	£	£
Hire of plant and machinery	219,987	205,050
Depreciation - owned assets	223,626	103,564
(Profit)/loss on disposal of fixed assets	(9,634)	26,529
Development costs amortisation	5,914	5,914
Auditors' remuneration	22,075	23,450
Auditors' remuneration - tax compliance work	-	3,700
Foreign exchange differences	154,566	83,204
Operating leases - land and buildings	44,745	40,000
	<u> </u>	<u> </u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.3.18	31.3.17
	£	£
Bank interest	-	664
Group interest	76,460	79,395
	<u> </u>	<u> </u>
	<u>76,460</u>	<u>80,059</u>

8. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2018 nor for the year ended 31 March 2017.

Reconciliation of total tax charge included in profit and loss

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

	31.3.18	31.3.17
	£	£
Loss before tax	<u>(706,592)</u>	<u>(857,268)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(134,252)	(171,454)
Effects of:		
Expenses not deductible for tax purposes	6,772	6,426
Capital allowances in excess of depreciation	(17,229)	(22,980)
Other timing differences	<u>144,709</u>	<u>188,008</u>
Total tax charge	<u>-</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

	Gross	31.3.18	Net
	£	Tax	£
		£	
Capital contribution	2,500,000	-	2,500,000
Actuarial gain / (loss)	777,000	-	777,000
Movement on deferred tax relating to pension liability	(1,214,000)	-	(1,214,000)
Transfer to revaluation reserve	343,660	-	343,660
	<u>2,406,660</u>	<u>-</u>	<u>2,406,660</u>

HOVAL LIMITED
**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**
8. TAXATION - continued

	Gross £	31.3.17 Tax £	Net £
Capital contribution			
Actuarial gain / (loss)	(789,000)	-	(789,000)
Movement on deferred tax relating to pension liability	(43,000)	-	(43,000)
	<u>(832,000)</u>	<u>-</u>	<u>(832,000)</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 2018 were £9,104,000.

9. INTANGIBLE FIXED ASSETS

	Development costs £
COST	
At 1 April 2017 and 31 March 2018	<u>118,289</u>
AMORTISATION	
At 1 April 2017	19,302
Amortisation for year	<u>5,914</u>
At 31 March 2018	<u>25,216</u>
NET BOOK VALUE	
At 31 March 2018	<u>93,073</u>
At 31 March 2017	<u>98,987</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Fixtures, fittings, tools & equipment £	Totals £
COST OR VALUATION				
At 1 April 2017	1,146,409	946,555	206,171	2,299,135
Additions	33,896	515,595	27,147	576,638
Disposals	-	(115,990)	(20,154)	(136,144)
Revaluations	343,660	-	-	343,660
At 31 March 2018	<u>1,523,965</u>	<u>1,346,160</u>	<u>213,164</u>	<u>3,083,289</u>
DEPRECIATION				
At 1 April 2017	164,556	232,150	144,542	541,248
Charge for year	62,559	125,474	35,593	223,626
Eliminated on disposal	-	(46,656)	(20,154)	(66,810)
At 31 March 2018	<u>227,115</u>	<u>310,968</u>	<u>159,981</u>	<u>698,064</u>
NET BOOK VALUE				
At 31 March 2018	<u>1,296,850</u>	<u>1,035,192</u>	<u>53,183</u>	<u>2,385,225</u>
At 31 March 2017	<u>981,853</u>	<u>714,405</u>	<u>61,629</u>	<u>1,757,887</u>

HOVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018
10. PROPERTY, PLANT AND EQUIPMENT - continued

Cost or valuation at 31 March 2018 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	850,305	1,346,160	213,164	2,409,629
	<u>1,523,965</u>	<u>1,346,160</u>	<u>213,164</u>	<u>3,083,289</u>

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

	31.3.18 £	31.3.17 £
Cost	850,305	816,409
Aggregate depreciation	<u>241,953</u>	<u>(164,556)</u>
Value of land in freehold land and buildings	<u>290,069</u>	<u>290,069</u>

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

11. INVENTORIES

	31.3.18 £	31.3.17 £
Raw materials	936,114	710,759
Work-in-progress	121,302	129,655
Finished goods	278,253	255,314
	<u>1,335,669</u>	<u>1,095,728</u>

Inventories are stated after provisions for impairment of £703,851 (2017: £642,895).

Stocks recognised as an expense in the period were £9,305,327 (2017: £10,318,812).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18 £	31.3.17 £
Trade debtors	3,796,194	4,395,224
Amounts owed by group undertakings	3,391,300	13,614
Other debtors	56,574	120,813
Prepayments and accrued income	322,820	327,865
	<u>7,566,888</u>	<u>4,857,516</u>

HOVAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18	31.3.17
	£	£
Trade creditors	769,178	653,960
Amounts owed to group undertakings	2,422,183	905,810
Other taxes and social security	524,623	706,969
Other creditors	26,508	27,382
Accruals and deferred income	290,076	195,394
	<u>4,032,568</u>	<u>2,489,515</u>

14. LEASING AGREEMENTS

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

	31.3.18	31.3.17
	£	£
Within one year	28,755	45,383
Between one and five years	418,845	336,487
	<u>447,600</u>	<u>381,870</u>

15. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	3,796,194	4,395,224
Amounts owed by group undertakings	3,391,300	13,614
Other debtors	56,574	120,813
Financial liabilities measured at amortised cost		
Trade creditors	7679,178	653,960
Amounts owed to group undertakings	2,422,183	905,810
Other creditors	26,508	27,382

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 (2017: £nil) and £76,460 (2017: £80,059) respectively.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.18	31.3.17
			£	£
2,000,000	Ordinary	50p	<u>1,000,000</u>	<u>1,000,000</u>

HOVAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2018

17. RESERVES

	Retained earnings £	Share premium £	Revaluation reserve £	Other reserves £	Totals £
At 1 April 2017	(10,457,492)	75,000	330,000	8,594,349	(1,458,143)
Deficit for the year	(706,592)				(706,592)
Capital contribution	-	-	-	2,500,000	2,500,000
Revaluation	-	-	343,660	-	343,660
Actuarial losses on pension scheme	777,000	-	-	-	777,000
Movement on deferred tax relating to pension scheme	(1,214,000)	-	-	-	(1,214,000)
At 31 March 2018	(11,601,084)	75,000	673,660	11,094,349	241,925

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

18. 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 will apply with effect from 1 April 2019.

A full actuarial valuation was carried out as at 5 April 2017. The results of that valuation have been projected to 31 March 2018 by a qualified independent actuary.

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.3.18 £	31.3.17 £
Present value of funded obligations	(16,402,000)	(17,414,000)
Fair value of plan assets	9,985,000	10,274,000
	(6,417,000)	(7,140,000)
Present value of unfunded obligations	-	-
Deficit	(6,417,000)	(7,140,000)
Deferred tax asset	-	1,214,000
Net liability	(6,417,000)	(5,926,000)

HOVAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	177,000	208,000
Past service cost	-	-
Administration expenses	198,000	171,000
	<u>375,000</u>	<u>379,000</u>
Actual return on plan assets	<u>149,000</u>	<u>1,777,000</u>

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Opening defined benefit obligation	17,414,000	15,272,000
Interest cost	428,000	501,000
Actuarial losses/(gains)	(879,000)	2,273,000
Benefits paid	(561,000)	(632,000)
	<u>16,402,000</u>	<u>17,414,000</u>

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Opening fair value of scheme assets	10,274,000	8,985,000
Contributions by employer	321,000	315,000
Interest income	251,000	293,000
Actuarial gains/(losses)	(102,000)	1,484,000
Benefits paid	(561,000)	(632,000)
Administration expenses	(198,000)	(171,000)
	<u>9,985,000</u>	<u>10,274,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Actuarial gains/(losses)	<u>777,000</u>	<u>(789,000)</u>
	<u>777,000</u>	<u>(789,000)</u>

HOVAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2018

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Return-seeking assets	7,316,000	7,716,000
Matching assets	2,694,000	2,646,000
Cash and net current assets	(25,000)	(88,000)
	<u>9,985,000</u>	<u>10,274,000</u>

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

	31.3.18	31.3.17
Discount rate	2.50%	2.50%
Increases to GMP accrued post 5 April 1998	1.90%	2.00%
Revaluation of deferred pensions	2.15%	2.25%
Increases to pensions accrued post 5 April 1997	3.05%	3.15%
Retail Price Index inflation assumption	3.15%	3.25%
Consumer Price Index inflation assumption	2.15%	2.25%

Mortality assumptions:

	31.3.18	31.3.17
	100% SAPS	100% SAPS
	S2PA	S2PA
Base table and rating	Year of birth	Year of birth
Improvement method	CMI 2017 1%	CMI 2016 1%

Future expected lifetime of member at age 65:

Male born in 1953 (2017: 1952)	21.8	21.9
Female born in 1953 (2017: 1952)	23.7	23.8
Male born in 1973 (2017: 1972)	22.9	23.0
Female born in 1973 (2017: 1972)	24.9	25.0

19. ULTIMATE HOLDING COMPANY

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

20. CAPITAL COMMITMENTS

	31.3.18	31.3.17
	£	£
Contracted but not provided for in the financial statements	<u>29,277</u>	<u>345,122</u>

21. RELATED PARTY DISCLOSURES

The company made purchases totalling £1,060,793 (2017: £491,642) during the year from a company in which Hoval Limited's parent company has a significant interest.

Included within other debtors at the year end is an amount of £26,131 (2017: £113,671) 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.

HOVAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2018

22. DEFERRED TAXATION

Tax losses of £9,100,000 (2017: £8,423,000) 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 33deferred tax liability in respect of Accelerated Capital Allowances of £80,000 (2017: £117,000).

During the year the brought forward deferred tax asset of £1,214,000 relating to the net pension scheme liability was de-recognised as it was no longer considered recoverable.

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 return to profitability within the next year based on current plans and projections and continue to receive the full support of the parent company.