

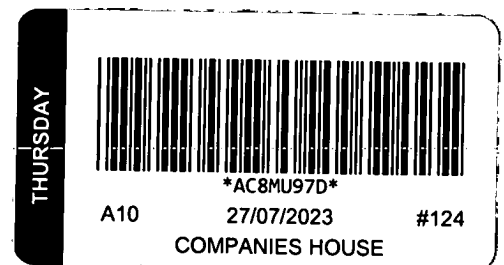
Registration number: 00592844

Hoval Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2023

Rödl & Partner Limited
170 Edmund Street
Birmingham
B3 2HB



Hoval Limited

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Hoval Limited

Company Information

Directors	R Bretscher
	I D Dagley
	F Frick
	P Gerner
	K R Halley
	K Hibberd
	Dr R M Senti
	K Stones
Company secretary	M M Long
Registered office	Northgate Newark Nottinghamshire NG24 1JN
Auditors	Rödl & Partner Limited 170 Edmund Street Birmingham B3 2HB

Hoval Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Principal activity

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

Fair review of the business

2022/23 has been a difficult year, with contrasting results across our market sectors. The UK Construction market continues to be slow. Often projects have had delayed starts whilst clients consider all the carbon zero options. This is especially the case with heat pumps. With some heavy investment from Group we are now able to fight our corner.

Energy Recovery Division

Energy Recovery have enjoyed a very good year, we have maintained a very good market share and our customers have remained loyal to Hoval.

Boilers and HT

Our smaller size boiler offering is showing signs of slowing as the market trend sees changes to the alternative of heat pumps and other renewables. The larger projects where heat pumps are not an appropriate solution we are still very prominent. The emphasis on zero carbon has slowed down decision making whilst alternatives are considered, which sees the offer to order time frame somewhat stifled. Some larger project orders were received right at the end of the year which will give us a good start to this year.

Service

The After Sales and Service had another strong year despite the challenges. We are continuing to invest in this sector of our business. Spare parts had an exceptional year, with customers looking to make do and mend in many circumstances.

Strategy and outlook

We are increasingly successful within the large building projects sector 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 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 in the next year or two, especially as hydrogen development is picking up pace.

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 to continue with our profitability.

The focus on business development is generating unprecedented opportunities, with new business now being undertaken. We have strengthened this team throughout the year and will continue to do so as we see predicted growth in this area.

Key performance indicators

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

- Continuous monitoring of product range to ensure it meets the needs of the UK market. Becoming Increasingly important
- Progress and introduction of new products
- Monthly comparison of sales and order intake with forecasts

Hoval Limited

Strategic Report for the Year Ended 31 March 2023

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.

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 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. As the UK and global markets are re starting there is a vacuum of materials particularly steel and electronic parts in the global marketplace and this has led to the inevitable cost increases. Our procurement team are having to plan further ahead to minimise and negative impact.


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 its part of a Group cash pooling agreement.

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

Approved and authorised by the Board on 11.07.23 and signed on its behalf by:


.....
R. B. Halley
Director

Hoval Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors of the company

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

R Bretscher

I D Dagley

F Frick

P Gerner

K R Halley

K Hibberd

Dr R M Senti

K Stones

Dividends

No dividends will be distributed for the year ended 31 March 2022.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved and authorised by the Board on 11.07.23 and signed on its behalf by:


K R Halley
Director

Hoval Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Hoval Limited

Independent Auditor's Report to the Members of Hoval Limited

Opinion

We have audited the financial statements of Hoval Limited (the 'company') for the year ended 31 March 2023, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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 auditor 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Hoval Limited

Independent Auditor's Report to the Members of Hoval Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Hoval Limited

Independent Auditor's Report to the Members of Hoval Limited

Use of our report

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



.....
Imran Farooq (Senior Statutory Auditor)
For and on behalf of Rödl & Partner Limited, Statutory Auditor

170 Edmund Street
Birmingham
B3 2HB

Date: 11th July, 2023

Hoval Limited

Profit and Loss Account for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	3	13,802,461	14,085,798
Cost of sales		<u>(8,779,877)</u>	<u>(8,636,283)</u>
Gross profit		5,022,584	5,449,515
Distribution costs		(376,355)	(353,599)
Administrative expenses		(4,992,034)	(4,660,014)
Other operating income		<u>-</u>	<u>4,116</u>
Operating (loss)/profit	5	<u>(345,805)</u>	<u>440,018</u>
Other interest receivable and similar income	7	704	13,091
Interest payable and similar expenses	8	<u>(76,303)</u>	<u>(206,169)</u>
		<u>(75,599)</u>	<u>(193,078)</u>
(Loss)/profit before tax		<u>(421,404)</u>	<u>246,940</u>
(Loss)/profit for the financial year		<u><u>(421,404)</u></u>	<u><u>246,940</u></u>

The above results were derived from continuing operations.

Hoval Limited

Statement of Comprehensive Income for the Year Ended 31 March 2023

	2023	2022
	£	£
(Loss)/profit for the year	(421,404)	246,940
Remeasurement gain on defined benefit pension schemes	<u>109,002</u>	<u>1,169,007</u>
Total comprehensive income for the year	<u>(312,402)</u>	<u>1,415,947</u>

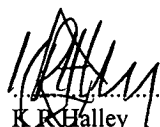
The notes on pages 14 to 29 form an integral part of these financial statements.

Hoval Limited

(Registration number: 00592844)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	63,499	69,414
Tangible assets	14	<u>2,568,418</u>	<u>2,678,465</u>
		<u>2,631,917</u>	<u>2,747,879</u>
Current assets			
Stocks	15	1,729,702	1,592,817
Debtors	16	4,132,252	5,047,263
Cash at bank and in hand		<u>1,362,614</u>	<u>334,578</u>
		7,224,568	6,974,658
Creditors: Amounts falling due within one year	18	<u>(2,563,104)</u>	<u>(1,704,754)</u>
Net current assets		<u>4,661,464</u>	<u>5,269,904</u>
Net assets excluding pension asset/(liability)		7,293,381	8,017,783
Net pension liability	19	<u>(4,011,000)</u>	<u>(4,423,000)</u>
Net assets		<u>3,282,381</u>	<u>3,594,783</u>
Capital and reserves			
Called up share capital		1,000,000	1,000,000
Share premium reserve		75,000	75,000
Revaluation reserve		673,660	673,660
Other reserves		11,094,349	11,094,349
Retained earnings		<u>(9,560,628)</u>	<u>(9,248,226)</u>
Shareholders' funds		<u>3,282,381</u>	<u>3,594,783</u>

Approved and authorised by the Board on and signed on its behalf by:



 K. R. Halley
 Director

Hoval Limited

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital £	Share premium £	Revaluation reserve £	Other reserves £	Retained earnings £
At 1 April 2022	<u>1,000,000</u>	<u>75,000</u>	<u>673,660</u>	<u>11,094,349</u>	<u>(9,248,226)</u>
Loss for the year	-	-	-	-	(421,404)
Other comprehensive income	-	-	-	-	109,002
Total comprehensive income	-	-	-	-	(312,402)
At 31 March 2023	<u>1,000,000</u>	<u>75,000</u>	<u>673,660</u>	<u>11,094,349</u>	<u>(9,560,628)</u>
					Total
					£
At 1 April 2022					<u>3,594,783</u>
Loss for the year					(421,404)
Other comprehensive income					109,002
Total comprehensive income					(312,402)
At 31 March 2023					<u>3,282,381</u>
					Total
					£
At 1 April 2021	<u>1,000,000</u>	<u>75,000</u>	<u>673,660</u>	<u>11,094,349</u>	<u>(10,664,173)</u>
Profit for the year	-	-	-	-	246,940
Other comprehensive income	-	-	-	-	1,169,007
Total comprehensive income	-	-	-	-	1,415,947
At 31 March 2022	<u>1,000,000</u>	<u>75,000</u>	<u>673,660</u>	<u>11,094,349</u>	<u>(9,248,226)</u>
					Total
					£
At 1 April 2021					<u>2,178,836</u>
Profit for the year					246,940
Other comprehensive income					1,169,007
Total comprehensive income					1,415,947
At 31 March 2022					<u>3,594,783</u>

The notes on pages 14 to 29 form an integral part of these financial statements.

Hoval Limited

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
(Loss)/profit for the year		(421,404)	246,940
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	212,054	288,563
Loss on disposal of tangible assets	4	3,804	61,008
Finance income	7	(704)	(13,091)
Finance costs	8	13,942	132,521
		<u>-</u>	<u>(4,116)</u>
		(192,308)	711,825
Working capital adjustments			
Increase in stocks	15	(136,885)	(94,344)
Decrease in trade debtors	16	915,011	1,275,022
Increase/(decrease) in trade creditors	18	858,350	(1,206,985)
Decrease in retirement benefit obligation net of actuarial changes	19	<u>(302,998)</u>	<u>(390,000)</u>
Net cash flow from operating activities		<u>1,141,170</u>	<u>295,518</u>
Cash flows from investing activities			
Interest received	7	704	-
Acquisitions of tangible assets		<u>(99,896)</u>	<u>(421,185)</u>
Net cash flows from investing activities		<u>(99,192)</u>	<u>(421,185)</u>
Cash flows from financing activities			
Interest paid	8	(13,942)	(2,412)
Proceeds from advance of government grants		<u>-</u>	<u>4,116</u>
Net cash flows from financing activities		<u>(13,942)</u>	<u>1,704</u>
Net increase/(decrease) in cash and cash equivalents		1,028,036	(123,963)
Cash and cash equivalents at 1 April		<u>334,578</u>	<u>458,541</u>
Cash and cash equivalents at 31 March		<u><u>1,362,614</u></u>	<u><u>334,578</u></u>

The notes on pages 14 to 29 form an integral part of these financial statements.

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

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

The address of its registered office is:

Northgate
Newark
Nottinghamshire
NG24 1JN

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

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

The presentation currency of these financial statements is Sterling. All amounts have been rounded to the nearest £1.

Summary of disclosure exemptions

The Company is a wholly owed subsidiary of Interhoval AG (incorporated in Switzerland), which prepares consolidated accounts. The Company is therefore considered to be a qualifying entity under FRS 102 and has applied the following available exemption:

- Related Party Disclosures with other members of that group.

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 any significant impact on the going concern status of the company. The company continues to receive the full support of the parent company.

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Judgements

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 source 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.

Revenue recognition

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

The company recognises revenue when:

The amount of revenue can be reliably measured;

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

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

Government grants

In 2020, the UK government operated a job retention scheme (JRS) in response to the coronavirus pandemic. Under this scheme, the company received a grant of which amounts received and receivable have been recognised in other operating income.

Foreign currency transactions and balances

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

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

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

An amount equal to the excess of the annual depreciation charge on revalued assets over their notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserves to the profit and loss reserve.

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Depreciation

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

Asset class	Depreciation method and rate
Freehold property	25% on cost and not provided
Plant and machinery	25% on cost and 5% on cost
Fixtures, fitting, tools & equipment	25% on cost and 10% on cost

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	Over 20 years

Cash and cash equivalents

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

Trade debtors

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

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

Stocks

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, costs includes direct expenditure and production overheads 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 cost 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 contracts 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 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 economics 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 salability of finished goods.

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Trade creditors

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

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

Leases

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

Share capital

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

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation

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 defined benefit obligation at the financial reporting date less 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.

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

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 recognized 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 assets original effective interest rate. The impairment loss is recognized 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 recognized 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 derecognized 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 recognized at transaction price, 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 the 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 recognized initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

3 Turnover

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

	2023	2022
	£	£
Sale of goods	<u>13,802,461</u>	<u>14,085,798</u>

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

	2023	2022
	£	£
UK	13,766,076	13,956,602
Rest of world	<u>36,385</u>	<u>129,196</u>
	<u>13,802,461</u>	<u>14,085,798</u>

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2023	2022
	£	£
Loss on disposal of tangible assets	<u>(3,804)</u>	<u>(61,008)</u>

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	206,139	282,650
Amortisation expense	5,915	5,915
Foreign exchange losses	26,723	23,378
Operating lease expense - plant and machinery	242,677	216,457
Loss on disposal of property, plant and equipment	<u>3,804</u>	<u>61,008</u>

6 Government grants

Government grants refers to the amounts received from the coronavirus job retention scheme

The amount of grants recognised in the financial statements was £Nil (2022 - £4,116).

7 Other interest receivable and similar income

	2023	2022
	£	£
Other finance income	<u>704</u>	<u>13,091</u>

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and borrowings	76,303	89,169
Other finance costs	-	117,000
	<u>76,303</u>	<u>206,169</u>

9 Staff costs

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

	2023	2022
	£	£
Wages and salaries	3,252,985	3,309,280
Social security costs	335,988	322,830
Pension costs, defined contribution scheme	239,374	250,222
	<u>3,828,347</u>	<u>3,882,332</u>

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

	2023	2022
	No.	No.
Management	4	4
Marketing and administration	64	63
Production	22	23
	<u>90</u>	<u>90</u>

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	308,276	331,233
Contributions paid to money purchase schemes	-	31,623
	<u>308,276</u>	<u>362,856</u>

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

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>4</u>

In respect of the highest paid director:

	2023	2022
	£	£
Remuneration	104,625	121,453
Company contributions to money purchase pension schemes	<u>-</u>	<u>10,072</u>

11 Auditors' remuneration

	2023	2022
	£	£
Audit of the financial statements	<u>20,477</u>	<u>20,477</u>
Other fees to auditors		
Taxation compliance services	<u>3,500</u>	<u>3,500</u>

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

12 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
(Loss)/profit before tax	<u>(421,404)</u>	<u>246,940</u>
Corporation tax at standard rate	(80,067)	46,919
Effect of expense not deductible in determining taxable profit (tax loss)	6,503	23,467
Amounts (charged)/credited directly to STRGL or otherwise transferred	-	222,110
UK deferred tax credit relating to changes in tax rates or laws	-	(679,987)
Increase from tax losses for which no deferred tax asset was recognised	70,186	389,428
Tax increase/(decrease) from effect of capital allowances and depreciation	3,378	(1,936)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>(1)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>
Tax relating to items recognised in other comprehensive income or equity		
	2023 £	2022 £
Current tax related to items recognised as items of other comprehensive income	<u>-</u>	<u>1,169,000</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 carried forward losses as at 31 March 2022 were £8,088,296 (2021: £7,969,659).

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

13 Intangible assets

	Development costs £	Total £
Cost		
At 1 April 2022	<u>118,289</u>	<u>118,289</u>
At 31 March 2023	<u>118,289</u>	<u>118,289</u>
Amortisation		
At 1 April 2022	48,875	48,875
Amortisation charge	<u>5,915</u>	<u>5,915</u>
At 31 March 2023	<u>54,790</u>	<u>54,790</u>
Carrying amount		
At 31 March 2023	<u>63,499</u>	<u>63,499</u>
At 31 March 2022	<u>69,414</u>	<u>69,414</u>

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

14 Tangible assets

	Land and buildings £	Fixtures and fittings £	Plant and machinery £	Total £
Cost				
At 1 April 2022	1,676,007	320,991	2,049,511	4,046,509
Additions	6,639	42,628	50,629	99,896
Disposals	-	-	(6,323)	(6,323)
At 31 March 2023	<u>1,682,646</u>	<u>363,619</u>	<u>2,093,817</u>	<u>4,140,082</u>
Depreciation				
At 1 April 2022	385,938	264,749	717,357	1,368,044
Charge for the year	45,758	37,669	122,712	206,139
Eliminated on disposal	-	-	(2,519)	(2,519)
At 31 March 2023	<u>431,696</u>	<u>302,418</u>	<u>837,550</u>	<u>1,571,664</u>
Carrying amount				
At 31 March 2023	<u><u>1,250,950</u></u>	<u><u>61,201</u></u>	<u><u>1,256,267</u></u>	<u><u>2,568,418</u></u>
At 31 March 2022	<u><u>1,290,069</u></u>	<u><u>56,242</u></u>	<u><u>1,332,154</u></u>	<u><u>2,678,465</u></u>

Included within the net book value of land and buildings above is £1,250,949 (2022 - £1,290,069) in respect of freehold land and buildings.

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

Had freehold buildings not been revalued, they would have been included at an historical cost of £909.095 (2022: £909,095).

15 Stocks

	2023 £	2022 £
Raw materials and consumables	1,567,790	1,477,577
Work in progress	155,748	86,031
Finished goods and goods for resale	<u>6,164</u>	<u>29,209</u>
	<u><u>1,729,702</u></u>	<u><u>1,592,817</u></u>

Inventories are stated after provisions for impairment of £23,843 (2022: £474,419).

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

16 Debtors

Current	Note	2023 £	2022 £
Trade debtors		3,263,867	4,133,366
Amounts owed by related parties		-	496,216
Other debtors		606,023	141,431
Prepayments		<u>262,362</u>	<u>276,250</u>
		<u>4,132,252</u>	<u>5,047,263</u>

17 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	<u>1,362,614</u>	<u>334,578</u>

18 Creditors

	Note	2023 £	2022 £
Due within one year			
Trade creditors		1,254,065	510,411
Amounts due to related parties		103,983	352,590
Social security and other taxes		406,439	387,512
Other payables		138,261	48,848
Accruals		<u>660,356</u>	<u>405,393</u>
		<u>2,563,104</u>	<u>1,704,754</u>

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £250,222 (2022 - £250,223).

Defined benefit pension schemes

Hoval Limited Pension Plan

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 the 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 dependents 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 2023 for the equation of GMP. The provision has been calculated at 0.5% of total scheme liabilities totaling £85,780. The effect of this adjustment is not material to these financial statements.

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

The date of the most recent comprehensive actuarial valuation was 31 March 2023. The results of that valuation have been projected to 31 March 2023 by a qualified independent actuary.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £117,000 (2022 - £117,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2022 - £-).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2023	2022
	£	£
Fair value of scheme assets	8,613,000	11,614,000
Present value of defined benefit obligation	(12,624,000)	(16,037,000)
Defined benefit pension scheme deficit	<u>(4,011,000)</u>	<u>(4,423,000)</u>

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2023 £
Present value at start of year	<u>16,037,000</u>

Fair value of scheme assets

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

	2023 £
Fair value at start of year	11,614,000
Interest income	311,000
Actuarial gains and losses	(2,724,000)
Employer contributions	420,000
Benefits paid	(1,007,000)
Expenses paid	<u>(1,000)</u>
Fair value at end of year	<u>8,613,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2023 £	2022 £
Cash and cash equivalents	428,000	577,000
Equities	2,518,000	3,978,000
Bonds	4,264,000	5,139,000
Property	548,000	840,000
Gilts	432,000	408,000
Infrastructure	423,000	692,000
Net current liabilities	<u>-</u>	<u>(20,000)</u>
	<u>8,613,000</u>	<u>11,614,000</u>

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Return on scheme assets

	2023 £	2022 £
Return on scheme assets	<u>(2,413,000)</u>	<u>490,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2023 %	2022 %
Discount rate	4.75	2.75
Inflation (RPI)	3.25	4.45
Inflation (CPI)	2.25	3.45
Revaluation in deferment	2.25	3.45
Pension increases RPI (0,5)	3.30	3.70
Pension increases CPI (0,3)	<u>2.30</u>	<u>2.55</u>

Post retirement mortality assumptions

	2023 Years	2022 Years
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	23.00	23.00
Future UK pensioners at retirement age - female	<u>26.00</u>	<u>25.00</u>

20 Share capital

Allotted, called up and fully paid shares

	2023 No.	£	2022 No.	£
Ordinary shares of £0.50 each	<u>2,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>

Hoval Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	178,363	104,755
Later than one year and not later than five years	<u>123,336</u>	<u>224,106</u>
	<u><u>301,699</u></u>	<u><u>328,861</u></u>

22 Parent and ultimate parent undertaking

The ultimate parent is Interhoval AG, incorporated in Switzerland.