

HOVAL LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

	Page
Company Information	1
Strategic Report	2 to 3
Report of the Directors	4 to 5
Report of the Independent Auditors	6 to 9
Income Statement	10
Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Statement of Cash Flows	15
Notes to the Financial Statements	16 to 29

HOVAL LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021**

DIRECTORS:

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

REGISTERED OFFICE:

Northgate
Newark
Nottinghamshire
NG24 1JN

REGISTERED NUMBER:

00592844 (England and Wales)

SENIOR STATUTORY AUDITOR:

Ian Phillips FCA

AUDITORS:

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

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their strategic report for the year ended 31 March 2021.

REVIEW OF BUSINESS

2020/21 has been a remarkable year. In the main we have had to undertake 12 months work in 9 months as the UK construction industry shut down for Q1. With help from the Government furlough scheme and with close control of our costs we were able to be successful despite all that is happening in the UK.

By staying open throughout, we have made new friends who did likewise and turned to Hoval in their hour of need.

Energy Recovery Division

Energy Recovery had a poor start to the year, with two of our largest customers shutting down for all of Q1. We were able to continue some production and with the help of an understanding work force and use of the furlough leave we have come through quite well.

Boilers and Heating Technology

An erratic year with most of the orders coming in Q4 as some form of normality returning to the sector. However, the early part of the year has been good for planning and design and has allowed to streamline our sales processes.

Service

The After Sales and Service had another strong performance despite strict on site COVID restrictions. We are continuing to invest in this sector of our business.

STRATEGY AND OUTLOOK

We are increasingly successful within the large building projects across the UK. Hoval now appear to be the supplier of choice for prestigious projects, including UK Government buildings. With the high profile of climate change in recent times has given new impetus to our low carbon boilers and heat pumps and whilst this will be a challenge going forward, Hoval are probably better placed than most to react positively in the next year or two. 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 new focus on business development looks to be generating unprecedented opportunities, with the first orders now being placed. We have strengthened this team throughout the year, and more will follow as we see the fruits of our labours.

KEY PERFORMANCE INDICATORS

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The attractiveness of the UK market for sales of condensing boilers continues to encourage increased competition from overseas manufacturers, especially on smaller sized heat pumps. The UK based shell boiler manufacturers remain locked in price competition, but we are achieving good market share.

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, 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.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

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 continue to be profitable 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

3 June 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

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 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

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

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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

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

3 June 2021

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 2021 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOVAL LIMITED

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.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOVAL LIMITED

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Directors and other management obtained as part of the work required by auditing standards. We have also discussed with the Directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. This included the identification and testing of unusual material journal entries and challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies.

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: Pressure Equipment (Safety) Regulations 2016, Gas Appliance Regulations, Boiler Efficiency Directive, The Fluorinated Greenhouse Gases Regulations 2015, Gas Safe Register, Health and Safety regulations and Employment laws.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection. This inspection included a review to ensure that the required memberships and certificates were in place for the monitoring organisations as well as a review of external health and safety audits conducted within the year for any evidence of non-compliance, in addition to an assessment of the company's employment and health and safety controls. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

**REPORT OF THE INDEPENDENT AUDITORS 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

3 June 2021

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
REVENUE	4		14,785,893		17,973,608
Cost of sales			<u>9,528,693</u>		<u>11,595,884</u>
GROSS PROFIT			5,257,200		6,377,724
Distribution costs		351,709		278,353	
Administrative expenses		<u>4,646,169</u>		<u>5,278,699</u>	
			<u>4,997,878</u>		<u>5,557,052</u>
			259,322		820,672
Other operating income			<u>237,328</u>		<u>-</u>
OPERATING PROFIT	6		496,650		820,672
Interest payable and similar expenses	7	51,772		59,315	
Other finance costs	18	<u>94,000</u>		<u>141,000</u>	
			<u>145,772</u>		<u>200,315</u>
PROFIT BEFORE TAXATION			350,878		620,357
Tax on profit	8		<u>-</u>		<u>-</u>
PROFIT FOR THE FINANCIAL YEAR			<u>350,878</u>		<u>620,357</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		350,878	620,357
OTHER COMPREHENSIVE INCOME			
Capital contribution			
Actuarial gain / (loss)		(1,689,000)	1,672,000
Movement on deferred tax relating to pension liability			
Transfer to revaluation reserve			
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(1,689,000)</u>	<u>1,672,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,338,122)</u>	<u>2,292,357</u>

STATEMENT OF FINANCIAL POSITION
31 MARCH 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Intangible assets	9		75,329		81,243
Property, plant and equipment	10		<u>2,600,947</u>		<u>2,736,098</u>
			2,676,276		2,817,341
CURRENT ASSETS					
Inventories	11	1,498,473		1,699,379	
Debtors	12	6,322,285		5,648,621	
Cash at bank and in hand		<u>458,541</u>		<u>336,355</u>	
		8,279,299		7,684,355	
CREDITORS					
Amounts falling due within one year	13	<u>2,911,739</u>		<u>2,553,738</u>	
NET CURRENT ASSETS			<u>5,367,560</u>		<u>5,130,617</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,043,836</u>		<u>7,947,958</u>
PENSION LIABILITY					
	18		<u>(5,865,000)</u>		<u>(4,431,000)</u>
NET ASSETS			<u>2,178,836</u>		<u>3,516,958</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		673,660
Other reserves	17		11,094,349		11,094,349
Retained earnings	17		<u>(10,664,173)</u>		<u>(9,326,051)</u>
SHAREHOLDERS' FUNDS			<u>2,178,836</u>		<u>3,516,958</u>

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2021 and were signed on its behalf by:

I D Dagley - Director

K Hibberd - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 April 2019	1,000,000	(11,618,408)	75,000
Changes in equity			
Total comprehensive income	-	2,292,357	-
Balance at 31 March 2020	<u>1,000,000</u>	<u>(9,326,051)</u>	<u>75,000</u>
Changes in equity			
Total comprehensive income	-	(1,338,122)	-
Balance at 31 March 2021	<u>1,000,000</u>	<u>(10,664,173)</u>	<u>75,000</u>
	Revaluation reserve £	Other reserves £	Total equity £
Balance at 1 April 2019	673,660	11,094,349	1,224,601
Changes in equity			
Total comprehensive income	-	-	2,292,357
Balance at 31 March 2020	<u>673,660</u>	<u>11,094,349</u>	<u>3,516,958</u>
Changes in equity			
Total comprehensive income	-	-	(1,338,122)
Balance at 31 March 2021	<u>673,660</u>	<u>11,094,349</u>	<u>2,178,836</u>

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	10,953	112,812
Interest paid		(888)	(982)
Finance costs paid		(50,884)	(58,333)
Net cash from operating activities		<u>(40,819)</u>	<u>53,497</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(75,949)	(351,226)
Sale of tangible fixed assets		1,626	(1,052)
Net cash from investing activities		<u>(74,323)</u>	<u>(352,278)</u>
Cash flows from financing activities			
Government Grant received		237,328	-
Net cash from financing activities		<u>237,328</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		<u>122,186</u>	<u>(298,781)</u>
Cash and cash equivalents at beginning of year	2	336,355	635,136
Cash and cash equivalents at end of year	2	<u>458,541</u>	<u>336,355</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

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

	2021	2020
	£	£
Profit before taxation	350,878	620,357
Depreciation charges	216,421	198,205
(Profit)/loss on disposal of fixed assets	(1,030)	1,434
Adjustment for pension funding	(349,000)	(339,000)
Government grants	(237,328)	-
Finance costs	<u>145,772</u>	<u>200,315</u>
	125,713	681,311
Decrease/(increase) in inventories	200,906	(125,176)
Increase in trade and other debtors	(695,796)	(261,740)
Increase/(decrease) in trade and other creditors	<u>380,130</u>	<u>(181,583)</u>
Cash generated from operations	<u><u>10,953</u></u>	<u><u>112,812</u></u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 March 2021

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	<u>458,541</u>	<u>336,355</u>

Year ended 31 March 2020

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

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20	Cash flow	At 31.3.21
	£	£	£
Net cash			
Cash at bank and in hand	<u>336,355</u>	<u>122,186</u>	<u>458,541</u>
	<u>336,355</u>	<u>122,186</u>	<u>458,541</u>
Total	<u><u>336,355</u></u>	<u><u>122,186</u></u>	<u><u>458,541</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

3. ACCOUNTING POLICIES - continued

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

3. ACCOUNTING POLICIES - continued

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

3. ACCOUNTING POLICIES - continued

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.

4. REVENUE

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

An analysis of revenue by geographical market is given below:

	2021	2020
	£	£
United Kingdom	14,695,748	17,749,981
Rest of World	90,145	223,627
	<u>14,785,893</u>	<u>17,973,608</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	3,102,092	3,447,687
Social security costs	302,200	363,355
Other pension costs	271,753	252,229
	<u>3,676,045</u>	<u>4,063,271</u>

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

	2021	2020
Management	4	5
Marketing and administration	63	66
Production	23	25
	<u>90</u>	<u>96</u>

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

	2021	2020
	£	£
Directors' remuneration	341,858	392,287
Directors' pension contributions to money purchase schemes	<u>32,799</u>	<u>38,447</u>

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

Money purchase schemes	<u>4</u>	<u>5</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	110,153	114,699
Pension contributions to money purchase schemes	<u>10,986</u>	<u>10,823</u>

6. OPERATING PROFIT

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

	2021	2020
	£	£
Hire of plant and machinery	237,625	227,087
Depreciation - owned assets	210,504	192,290
(Profit)/loss on disposal of fixed assets	(1,030)	1,434
Development costs amortisation	5,914	5,915
Auditors' remuneration	24,000	26,650
Foreign exchange differences	222,992	261,992
Operating leases - land and buildings	<u>69,353</u>	<u>69,353</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank interest	888	982
Group interest	<u>50,884</u>	<u>58,333</u>
	<u>51,772</u>	<u>59,315</u>

8. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2021 nor for the year ended 31 March 2020.

Reconciliation of total tax charge included in profit and loss

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

	2021	2020
	£	£
Profit before tax	<u>350,878</u>	<u>620,357</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	66,667	117,868
Effects of:		
Expenses not deductible for tax purposes	2,343	4,092
Capital allowances in excess of depreciation	-	(18,624)
Depreciation in excess of capital allowances	15,292	-
Other timing differences	<u>(84,302)</u>	<u>(103,336)</u>
Total tax charge	<u>-</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

	Gross	2021 Tax	Net
	£	£	£
Capital contribution			
Actuarial gain / (loss)	(1,689,000)	-	(1,689,000)
Movement on deferred tax relating to pension liability			
Transfer to revaluation reserve			
	<u>(1,689,000)</u>	<u>-</u>	<u>(1,689,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

8. TAXATION - continued

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

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 2021 were £7,969,659 (2020: £8,517,351).

9. INTANGIBLE FIXED ASSETS

	Developmen costs £
COST	
At 1 April 2020 and 31 March 2021	<u>118,289</u>
AMORTISATION	
At 1 April 2020	37,046
Amortisation for year	<u>5,914</u>
At 31 March 2021	<u>42,960</u>
NET BOOK VALUE	
At 31 March 2021	<u>75,329</u>
At 31 March 2020	<u>81,243</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Fixtures, fittings, tools & equipment £	Totals £
COST OR VALUATION				
At 1 April 2020	1,712,112	1,695,273	317,951	3,725,336
Additions	4,536	19,233	52,180	75,949
Disposals	-	(1,256)	(37,609)	(38,865)
At 31 March 2021	<u>1,716,648</u>	<u>1,713,250</u>	<u>332,522</u>	<u>3,762,420</u>
DEPRECIATION				
At 1 April 2020	274,132	520,501	194,605	989,238
Charge for year	28,773	115,480	66,251	210,504
Eliminated on disposal	-	(1,256)	(37,013)	(38,269)
At 31 March 2021	<u>302,905</u>	<u>634,725</u>	<u>223,843</u>	<u>1,161,473</u>
NET BOOK VALUE				
At 31 March 2021	<u>1,413,743</u>	<u>1,078,525</u>	<u>108,679</u>	<u>2,600,947</u>
At 31 March 2020	<u>1,437,980</u>	<u>1,174,772</u>	<u>123,346</u>	<u>2,736,098</u>

Cost or valuation at 31 March 2021 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	<u>1,042,988</u>	<u>1,713,250</u>	<u>332,522</u>	<u>3,088,760</u>
	<u>1,716,648</u>	<u>1,713,250</u>	<u>332,522</u>	<u>3,762,420</u>

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

	2021 £	2020 £
Cost	<u>909,095</u>	<u>909,095</u>
Aggregate depreciation	<u>248,475</u>	<u>248,475</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 .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

11. INVENTORIES

	2021	2020
	£	£
Raw materials	984,122	1,047,287
Work-in-progress	87,503	72,483
Finished goods	426,848	579,609
	<u>1,498,473</u>	<u>1,699,379</u>

Inventories are stated after provisions for impairment of £670,662 (2020: £650,557).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	5,818,950	4,936,511
Amounts owed by group undertakings	750	22,882
Other debtors	258,038	431,266
Prepayments and accrued income	244,547	257,962
	<u>6,322,285</u>	<u>5,648,621</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	612,383	794,848
Amounts owed to group undertakings	1,211,152	840,739
Other taxes and social security	746,569	703,714
Other creditors	41,718	41,045
Accruals and deferred income	299,917	173,392
	<u>2,911,739</u>	<u>2,553,738</u>

14. LEASING AGREEMENTS

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

	2021	2020
	£	£
Within one year	144,480	196,541
Between one and five years	126,908	78,978
	<u>271,388</u>	<u>275,519</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

15. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	5,818,950	4,936,511
Amounts owed by group undertakings	750	22,882
Other debtors	258,038	431,266
Financial liabilities measured at amortised cost		
Trade creditors	612,382	794,850
Amounts owed to group undertakings	1,211,152	840,739
Other creditors	41,178	41,045

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 (2020: £nil) and £50,884 (2020: £58,333) respectively.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2021	2020
Number:	Class:		£	£
2,000,000	Ordinary	50p	<u>1,000,000</u>	<u>1,000,000</u>

17. RESERVES

	Retained earnings £	Share premium £	Revaluation reserve £	Other reserves £	Totals £
At 1 April 2020	(9,326,051)	75,000	673,660	11,094,349	2,516,958
Profit for the year	350,878				350,878
Actuarial losses on pension scheme	(1,689,000)	-	-	-	(1,689,000)
At 31 March 2021	<u>(10,664,173)</u>	<u>75,000</u>	<u>673,660</u>	<u>11,094,349</u>	<u>1,178,836</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

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 applied with effect from 1 April 2018.

An estimated provision has been included as at 31 March 2021 for the equalisation of GMP. The provision has been calculated at 0.5% of total scheme liabilities totalling £85,780. The effect of this adjustment is not material to these financial statements.

A full actuarial valuation was carried out as at 5 April 2020. The results of that valuation have been projected to 31 March 2021 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	
	2021	2020
	£	£
Present value of funded obligations	(17,156,000)	(15,394,000)
Fair value of plan assets	11,291,000	10,963,000
	(5,865,000)	(4,431,000)
Present value of unfunded obligations	-	-
Deficit	(5,865,000)	(4,431,000)
Net liability	(5,865,000)	(4,431,000)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	94,000	141,000
Past service cost	-	-
Administration expenses	1,000	1,000
	<u>95,000</u>	<u>142,000</u>
Actual return on plan assets	<u>640,000</u>	<u>1,177,000</u>

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

	Defined benefit pension plans	
	2021	2020
	£	£
Opening defined benefit obligation	15,394,000	16,499,000
Interest cost	332,000	371,000
Actuarial losses/(gains)	2,091,000	(725,000)
Benefits paid	(661,000)	(751,000)
	<u>17,156,000</u>	<u>15,394,000</u>

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

	Defined benefit pension plans	
	2021	2020
	£	£
Opening fair value of scheme assets	10,963,000	10,198,000
Contributions by employer	350,000	340,000
Interest income	238,000	230,000
Actuarial gains/(losses)	402,000	947,000
Benefits paid	(661,000)	(751,000)
Administration expenses	(1,000)	(1,000)
	<u>11,291,000</u>	<u>10,963,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Actuarial gains/(losses)	(1,689,000)	1,672,000
	<u>(1,689,000)</u>	<u>1,672,000</u>

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

	Defined benefit pension plans	
	2021	2020
	£	£
Equities	3,639,000	2,890,000
Property	830,000	691,000
Infrastructure	677,000	421,000
Bonds	5,134,000	5,808,000
Gilts	382,000	415,000
Cash and net current assets	629,000	738,000
	<u>11,291,000</u>	<u>10,963,000</u>

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

	2021	2020
Discount rate	2.05%	2.20%
Pre retirement increases CPI (0,3)	2.40%	1.45%
Post retirement increases CPI (0,3)	2.80%	1.45%
Revaluation of deferred pensions	2.40%	1.45%
Pre retirement increases RPI (0,5)	3.40%	2.45%
Post retirement increases RPI (0,5)	3.50%	2.45%
	-	2.45%
Retail Price Index inflation assumption	3.45%	-
Consumer Price Index inflation assumption	2.60%	1.45%

Mortality assumptions:

	2021	2020
Base table and rating	100% SAPS	100% SAPS
Improvement method	S3PXA	S2PXA
	Year of birth	Year of birth
	CMI 2019 1%	CMI 2018 1%

Future expected lifetime of member at age 65:

Male born in 1956 (2020: 1954)	21.8	21.4
Female born in 1956 (2020: 1954)	24.1	23.3
Male born in 1976 (2020: 1974)	22.8	22.4
Female born in 1976 (2020: 1974)	25.3	24.6

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

19. ULTIMATE HOLDING COMPANY

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

20. RELATED PARTY DISCLOSURES

The company made purchases totalling £1,599,668 (2020: £1,167,950) and sales totalling £nil (2020: £33) during the year to/from a company in which Hoval Limited's parent company has a significant interest. The balances owed by Hoval Limited at the year end totalled £308,686 (2020: £317,442).

Other debtors totalling £241,490 (2020: £411,629) was due from Hoval Limited Pension Plan.

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

21. DEFERRED TAXATION

Tax losses of £8,644,532 (2020: £8,517,351) are available for relief against future profits of the company's trade. No deferred tax asset has been recognised as the directors are, as yet, uncertain when the tax losses will be utilised.

The company also has an unrecognised deferred tax liability in respect of Accelerated Capital Allowances of £184,735 (2020: £195,991).

22. GOING CONCERN

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

23. GOVERNMENT GRANTS

Government grants refers to the amounts received from the coronavirus job retention scheme totalling £237,328 during the year. This is recognised in the period in which it relates.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.