

Holland & Holland Limited

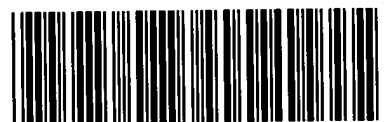
Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 00661140

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Holland & Holland Limited

Company Information

Directors	N B O Waktare F Gussalli Beretta P Zannoni
Company secretary	N B O Waktare
Registered number	00661140
Registered office	906 Harrow Road London NW10 5JT
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL
Bankers	HSBC Bank plc 9 Wellesley Road Croydon Surrey CR9 2AA NatWest Templars Way Chandlers Fort Eastleigh SO53 3UD

Holland & Holland Limited

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Holland & Holland Limited

Strategic Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements of the Company for the year ended 31 December 2021.

Introduction

Holland & Holland is a luxury British gun making company founded in 1835. In addition to manufacturing and retailing sporting guns, Holland & Holland offers luxury clothing and accessories and has its own shooting grounds providing shooting tuition, alongside corporate and private events. There have been no changes in the Company's activities in the year under review.

On the 1st February 2021, the Company was acquired from the Chanel Group by GMK Ltd, a subsidiary of Beretta Holding S.A.

As a result of the transaction the former shareholder settled and forgave loans due from the Company totalling £5,022k. This has resulted in a direct credit to reserves totalling £5,022k representing a capital contribution from the former shareholder to the Company.

Review of the business and key performance indicators

The profit and loss account is set out on page 11 and shows turnover for the year of £5,515k (2020 - £3,864k) and a loss before tax of £6,347k (2020 - £4,820k).

The two main key performance indicators for the business are turnover and profit/loss before tax. Turnover increased by 42.7%. Operating loss was up by 30.8% to £6,309k (2020 - £4,447k). The increase in the loss year on year is largely as a consequence of an increase in stock provisions of £3,332k.

Turnover increased significantly compared to the previous year which was impacted by the government imposed lockdowns due to the COVID-19 outbreak. There was also a period of uncertainty in 2020 with the Company being prepared for sale.

Since the acquisition by the Beretta Group, the Company has been through a period of restructuring. A Chief Operating Officer was appointed and joined in May 2021. The primary retail premises on Bruton Street, London was vacated in June 2021 with alternative premises planned in St James Street, London. and a new sales manager was appointed.

A comprehensive review was undertaken of the manufacturing operation. Current Work In Progress was analysed with a view to its suitability for the market. This resulted in a scaling back and writing off of a proportion of the current production. It was also deemed necessary to improve the productivity resulting in a streamlining of the workforce.

The Shooting Ground reopened in April following the lifting of COVID-19 restrictions. It relies on corporate clients for a significant part of the turnover and the level of bookings took some time to generate. However, site improvements continue to be made and the corporate element improved during the year.

The Defined Benefits pension scheme was settled prior to the acquisition through being transferred to a group company of the former owner. The scheme was in a net surplus, which was not recognised on the basis that, in accordance with the trust deed, the directors determined that the company did not have a unconditional right to the surplus. Aside from the provision of further loans by its parent company, there have been no events since the balance sheet date which materially affect the position of the Company.

Principal risks and uncertainties

The Company's main activity, the manufacturing and sale of sporting guns and rifles. Is subject to strict controls and regulations relating to the safety and in more recent times sustainability. The main risks for the success of the business are the threats of new regulations around game shooting, covering the licencing and the possibility of a ban on lead shot. In response to this risk, the Company continues to invest in developing the production processes to accommodate steel shot.

Holland & Holland Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Principal risks and uncertainties (continued)

Financial risk management

The activities of the business expose it to several financial risks, the objective and policy is to reduce these risks which are detailed below;

Liquidity risk

The Company mitigates this risk by producing robust and detailed cashflows which are carefully reviewed to identify any potential liquidity risks and act to remove these risks.

The next twelve months cashflow requirements means that Holland & Holland needs support from the parent company.

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

Cash flow risk

The Company monitors cash flow as part of its day to day control procedures. The board considers cash flow projection on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Going concern

On the 1 February 2021, the former shareholder disposed of its interest in the Company, which was acquired by GMK Limited, part of the Beretta Group ("Beretta"). The Board and wider Beretta Group are still working through detailed business plans, however the company remains part of the group's long term strategy. The going concern status of the company is dependent on the support of its parent company. GMK Limited has provided a letter of support to the Company signalling its intention and capacity to make available further cash advances and funding as should be required by the Company in order to meet liabilities as they fall due for a minimum of twelve months from the date of approval of these financial statements.

The directors have prepared detailed budgets that include support from the parent company and support that the company will be able to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The directors are confident of being able to trade for a period of at least 12 months from the date of approval of these financial statements and that the parent company has sufficient resources to provide support and have therefore concluded that it is appropriate for the financial statements to be prepared on a going concern basis and that no material uncertainty exists.

Covid-19

The business has responded well to the challenges of coronavirus. The Company has continued to operate effectively during the pandemic by successfully moving most head office functions to home working and by carefully adapting the working environment and working practices in the factory to safeguard the health and wellbeing of all colleagues. Sales since the start of the pandemic were significantly below forecast but have recovered well since lockdown restrictions were eased. The Company will continue to monitor the situation carefully and is well placed to react swiftly to future developments.

Holland & Holland Limited

Strategic Report (continued)
For the Year Ended 31 December 2021

Principal risks and uncertainties (continued)

Global Events

The directors have assessed the risks related to the Russia/Ukraine, including the potential impact on the supply chain, conflict and the subsequent cost of living rise and no material impact has been noted.

Future developments

During the year 2022, Holland & Holland has opened its new retail premises in St James Street, London. This will provide the ideal showroom and location for entertaining customers.

The Company has invested significantly in IT to improve processes and ensure future marketing campaigns can be actively tracked. These improvements should become more evident in the latter half of the year.

Manufacturing processes continue to be streamlined and a program has been developed for the design of new models.

This report was approved by the board on 25 May 2023 and signed on its behalf.



N B O Waktare
Director

Holland & Holland Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

Throughout the year the activities of the Company related to the manufacture, sale and repair of shotguns and sporting rifles, the purchase and sale of used weapons and shooting accessories, the provision of shooting instruction facilities and the retailing of clothing, accessories, gifts and books.

Directors

The directors who served during the year were:

N B O Waktare (appointed 1 February 2021)
F Gussalli Beretta (appointed 1 February 2021)
P Zannoni (appointed 1 February 2021)
L Bettini (resigned 1 February 2021)
P Blondiaux (resigned 1 February 2021)
K Davies (resigned 1 February 2021)
M Hamilton (resigned 1 February 2021)
R Wilkin (resigned 18 March 2021)

Directors' indemnity provisions

These provisions remain in place at the reporting date.

Results and dividends

The loss for the year, after taxation, amounted to £5,510k (2020 - loss £4,461k).

Details of the results for the year are shown in the statement of comprehensive income, on page 11 and the related notes.

The directors do not recommend the payment of a dividend in respect of the current financial year (2021 - £Nil).

Post balance sheet events

Since the balance sheet date, further loans of £1.8 million have been provided by the Company's immediate parent undertaking.

Matters of Strategic Importance

Certain information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of planned future developments has been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006.

Details of risk assessments are included in the Strategic Report, within the principal risks and uncertainties section.

Auditor

The auditor, BDO LLP, who was appointed in the year, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Holland & Holland Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Disclosure of information to auditor

Each of the persons who is a director at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board on 25 May 2023 and signed on its behalf.



N B O Waktare
Director

Holland & Holland Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2021

The directors are responsible for preparing the Strategic Report, the Directors' 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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.

Holland & Holland Limited

Independent Auditor's Report to the Members of Holland & Holland Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs at 31 December 2021 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.

We have audited the financial statements of Holland & Holland Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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).

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's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

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.

Holland & Holland Limited

Independent Auditor's Report to the Members of Holland & Holland Limited (continued)

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. 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 course of 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.

Other 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement, 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.

Holland & Holland Limited

Independent Auditor's Report to the Members of Holland & Holland Limited (continued)

Auditor's 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.

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

Based on our understanding of the Company, we considered these laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risk were related to the posting of inappropriate journal entries to improve the result before tax for the year.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Procedures performed by the group audit team included:

- discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- evaluation of controls designed to prevent and detect irregularities;
- assessment of journal entries to accounts that were considered to carry a greater risk of fraud as part of our planned audit approach.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.


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

Holland & Holland Limited

Independent Auditor's Report to the Members of Holland & Holland Limited (continued)

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.

DocuSigned by:

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Alex Stansbury (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

25 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Holland & Holland Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	5,515	3,864
Cost of sales		(7,105)	(4,313)
Gross loss		(1,590)	(449)
Other operating income (net)	5	338	398
Operating expenses		(5,095)	(4,396)
Operating loss	6	(6,347)	(4,447)
Interest receivable and similar income	9	-	116
Interest payable and similar expenses	10	(76)	(113)
Loss before tax		(6,423)	(4,444)
Tax credit/(charge)	11	913	(17)
Loss for the financial year		(5,510)	(4,461)

The notes on pages 15 to 36 form part of these financial statements.

Holland & Holland Limited

Statement of Other Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Retained loss for the financial year		(5,510)	(4,461)
Actuarial gain on pension liability	26	-	2,797
Tax on actuarial gain/(loss) on pension liability		-	(481)
Total comprehensive loss for the year		(5,510)	(2,145)

The profit and loss account and statement of other comprehensive income summarises income from activities which are all continuing.

The notes on pages 15 to 36 form part of these financial statements.

Holland & Holland Limited

Registered number: 00661140

Statement of Financial Position As at 31 December 2021

	Note	2021 £000	2021 £000	As restated 2020 £000	As restated 2020 £000
Fixed assets					
Intangible assets	12	44		124	
Tangible fixed assets	13	3,996		4,043	
		<u>4,040</u>		<u>4,167</u>	
Current assets					
Stocks	16		6,557		11,056
Debtors: amounts falling due within one year	17		2,969		1,780
Cash at bank and in hand			756		-
			<u>10,282</u>		<u>12,836</u>
Creditors: amounts falling due within one year	19		(4,564)		(6,399)
Net current assets			<u>5,718</u>		<u>6,437</u>
Provisions for liabilities					
Other provisions	24		-		(358)
Net assets			<u>9,758</u>		<u>10,246</u>
Capital and reserves					
Called up share capital	27		73,022		68,000
Profit and loss account	28		(63,264)		(57,754)
Total equity			<u>9,758</u>		<u>10,246</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023



N B O Waktare
Director

The notes on pages 15 to 36 form part of these financial statements.

Holland & Holland Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020 (as restated see note 14)	68,000	(55,607)	12,393
Comprehensive loss for the year			
Loss for the year	-	(4,461)	(4,461)
Other comprehensive income for the year	-	2,314	2,314
Total comprehensive loss for the year	-	(2,147)	(2,147)
At 1 January 2021 (as restated see note 14)	68,000	(57,754)	10,246
Loss for the year	-	(5,510)	(5,510)
Total comprehensive loss for the year	-	(5,510)	(5,510)
Contributions by and distributions to owners			
Loan received from former group undertaking subsequently converted to equity	5,022	-	5,022
At 31 December 2021	73,022	(63,264)	9,758

The notes on pages 15 to 36 form part of these financial statements.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Holland and Holland Limited is a private Company limited by shares and incorporated in London under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activity is set out in the directors' report.

2. Accounting policies

2.1 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- The requirements of Section 7 Statement of Cash Flows.

This information is included in the consolidated financial statements of Beretta Holdings S.A as at 31 December 2021 and these financial statements may be obtained from 9 Rue Ste Zithe, L-2763, Luxembourg City.

2.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Monetary amounts in the financial statements are presented in the Company's functional currency and rounded to the nearest £000, except where otherwise indicated.

The following principal accounting policies have been applied:

2.3 Change in basis of preparation

The Company had previously prepared its financial statements under FRS 101. However, following the change in ownership and in accordance with other UK entities within the group, the Company has transitioned to preparing its financial statements under FRS 102. The date of transition is 1 January 2020 and the impact of the transition is set out in note 14.

2.4 Going concern

On the 1 February 2021, the former shareholder disposed of its interest in the Company, which was acquired by GMK Limited, part of the Beretta Group ("Beretta"). The Board and wider Beretta Group are still working through detailed business plans, however the company remains part of the group's long term strategy. The going concern status of the company is dependent on the support of its parent company. GMK Limited has provided a letter of support to the Company signalling its intention and capacity to make available further cash advances and funding as should be required by the Company in order to meet liabilities as they fall due for a minimum of twelve months from the date of approval of these financial statements.

The directors have prepared detailed budgets that include support from the parent company and support that the company will be able to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Going concern (continued)

The directors are confident of being able to trade for a period of at least 12 months from the date of approval of these financial statements and that the parent company has sufficient resources to provide support and have therefore concluded that it is appropriate for the financial statements to be prepared on a going concern basis and that no material uncertainty exists.

2.5 Basis of consolidation

The financial statements contain information about Holland & Holland Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as consolidated financial statements will be prepared by its parent company, Beretta Holdings S.A.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of guns, clothing and accessories is recognised on delivery of the goods. Revenue from events is recognised once they have taken place.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

2.11 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.12 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The Company operated a defined benefit plan for certain employees. The scheme was settled during the year and no asset was recognised at the previous balance sheet date as the directors determined that there was not an unconditional right to the surplus.

2.15 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	- 25 to 50 years
Right of use	- Term of the lease
Leasehold buildings	- Term of the lease
Plant and machinery	- 8 years
Motor vehicles	- 3 to 4 years
Fixtures and fittings	- 10 years or term of lease
Equipment	- 5 to 8 years
Concession units - fixtures and fittings	- 3 years
Range guns	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.16 Tangible fixed assets (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.22 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.22 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-derivative instruments that are equity to the issuer are measured at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.23 Current and deferred taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.24 Prior year adjustment

A) Investments

During the year, the directors assessed the presentation of certain non-current assets. It was determined that the assets were not held for rental or capital appreciation and therefore were incorrectly presented as investments in prior year instead of tangible fixed assets (Fixtures and fittings). As a result, a total of £ 505,318 was reclassified from investments to fixtures and fittings within fixed assets. There was no impact on net assets or the profit and loss account as a result of the adjustment.

B) Property, plant and equipment

During the year, the directors assessed that some of the Furniture & Fixtures were included in the Buildings. It was determined that these were not in the nature of Buildings and therefore were incorrectly presented as building in the prior year financial statement instead of fixtures and fittings. The total cost & Accumulated depreciation as on 01/01/2021 related to these assets was £623,367 & £ 31,607.84 respectively. Further the Directors have assessed that the impact on the P&L from these reclass would be immaterial in prior year.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether work in progress related to stock will be sold in future periods. It was determined by the directors that a material level of work in progress will not realise value in future periods and it has consequently been provided against (see further detail in respect of the provision under key sources of estimation uncertainty).
- In the prior year an asset was not recognised for the surplus on the defined benefit pension scheme on the basis that the directors determined that the company did not have an unconditional right to such surplus on the realisation of the scheme. This judgement was taken in accordance with the trust deed. The scheme was transferred to the seller group.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 13)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Stocks (see note 16)

Stock is held at the lower of cost and net realisable value. During the year, the directors have carried out an extensive review of work in progress in accordance with a change in strategy. As a result, provisions against stock totalling £3,332k have been recorded, with an equivalent charge in cost of sales. The extent of the provision represents a key source of estimation uncertainty.

4. Turnover

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	3,502	2,901
Rest of Europe	427	181
North America	1,586	439
Other	-	343
	<u>5,515</u>	<u>3,864</u>

5. Other operating income

	2021 £000	2020 £000
Other operating income	-	99
Net rents receivable	-	(121)
Furlough income	338	420
	<u>338</u>	<u>398</u>

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

6. Operating loss

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

	2021 £000	2020 £000
Research and development expenditure	-	103
Amortisation of intangibles	26	28
Depreciation:		
Owned assets	349	575
Fees payable to the Company's auditors - statutory audit	38	49
Rental Income	-	(5)
Exchange differences	46	-
Furlough income	(338)	(420)

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	3,435	3,840
Social security costs	442	414
Defined benefit pension costs	-	623
Defined contribution pension costs	472	269
	<u>4,349</u>	<u>5,146</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production	43	50
Sales and distribution	5	16
Administration	20	20
	<u>68</u>	<u>86</u>

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

8. Directors' remuneration

	2021 £000	2020 £000
Emoluments	-	111
Company contributions to pension schemes	-	6
	<u>-</u>	<u>117</u>

During the year retirement benefits were accruing to no directors (2020 - 1) in respect of defined benefit pension schemes.

The amount of the accrued lump sum in respect of the highest paid director at 31 December 2021 amounted to £Nil (2020 - £111k).

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £Nil (2020 - £6k).

9. Interest receivable and similar income

	2021 £000	2020 £000
Derivative gains	-	116

10. Interest payable and similar expenses

	2021 £000	2020 £000
Foreign exchange loss on Group funding	25	61
Loans from group undertakings	51	-
Pension (see note 26)	-	52
	<u>76</u>	<u>113</u>

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Adjustments in respect of previous periods	(936)	-
Total current tax	<u>(936)</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	35	(12)
Adjustment in respect of prior years	(4)	50
Effect of increased/decreased tax rate on opening balance	(8)	(21)
Total deferred tax	<u>23</u>	<u>17</u>
Tax (credit)/charge on profit on ordinary activities	<u>(913)</u>	<u>17</u>

The adjustment in respect of previous periods relates to losses utilised by and receivable from the former parent company. The asset has been recovered post year end.

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	<u>(6,423)</u>	<u>(4,820)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,220)	(916)
Effects of:		
Fixed asset differences	18	-
Expenses not deductible for tax purposes	18	27
Adjustments to tax charge in respect of previous periods	(936)	53
Remeasurement of deferred tax for changes in tax rates	(398)	(21)
Adjustments to tax charge in respect of previous periods - deferred tax	(3)	-
Movement in deferred tax not recognised	1,608	874
Total tax (credit)/charge for the year	<u>(913)</u>	<u>17</u>

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation (continued)

In addition to the amount credited to profit or loss, £Nil (2020 - £481k) has been recognised in other comprehensive income, relating to the deferred tax on actuarial gains/losses on pension liability.

As at 31 December 2021, the Company had unrelieved tax losses totalling £6,541k (2020 - £4,901k) available to carry forward and relieve against future trading profits. A defined tax asset of £1,635k (2020 - £931k) in relation to these losses has not been recognised due to uncertainty regarding the timing and quantum of future profits.

During the prior year, the UK main corporation tax rate increased from 17% to 19%. During the year, it was announced that the UK main corporation tax rate will change from 19% to 25% effective from 1 April 2024. This new rate was substantively enacted on 21 May 2021 and is relevant to closing deferred tax balances.

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the Company's future tax charge accordingly. The value of the deferred tax asset at the statement of financial position date has been calculated using the applicable rate when the asset is expected to be realised.

12. Intangible assets

	Capitalised software £000
Cost	
At 1 January 2021	195
Additions	42
Disposals	(149)
At 31 December 2021	88
Amortisation	
At 1 January 2021	71
Charge for the year	26
Disposals	(53)
At 31 December 2021	44
Net book value	
At 31 December 2021	44
At 31 December 2020	124

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Tangible fixed assets (as restated)

	Freehold land and buildings £000	Short-term leasehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings, equipment and range guns £000	Assets of an historical nature £000	Total £000
Cost or valuation							
At 1 January 2021	6,493	1,009	3,216	64	2,324	505	13,611
Additions	46	-	43	-	213	-	302
At 31 December 2021	6,539	1,009	3,259	64	2,537	505	13,913
Depreciation							
At 1 January 2021	3,745	1,009	2,683	64	2,067	-	9,568
Charge for the year	93	-	119	-	137	-	349
At 31 December 2021	3,838	1,009	2,802	64	2,204	-	9,917
Net book value							
At 31 December 2021	2,701	-	457	-	333	505	3,996
At 31 December 2020	2,748	-	533	-	257	505	4,043

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Change in basis of preparation

The impact of the company's transition to FRS 102 as at 1 January 2020 is set out below:

	As at 31/12/2020 £000	Change in accounting policy £000	Restated Balance as at 31/12/2020 £000
Right-of-use asset (net)	3,340	(3,340)	-
Lease Liabilities (short term)	287	(287)	-
Lease Liabilities (Long term)	3,148	(3,148)	-
Retained accumulated deficit	(57,848)	94	(57,754)

	As at 01/01/2020 £000	Change in accounting policy £000	Balance restated as at 01/01/2020 £000
Right-of-use asset (net)	4,067	(4,067)	-
Lease Liabilities (short term)	310	(310)	-
Lease Liabilities (Long term)	3,435	(3,435)	-
Retained accumulated deficit	(55,326)	(281)	(55,607)

15. Investments

Additional information regarding subsidiary undertakings:

Name	Nature of Business	Country of Incorporation, registration and operation	Class	Shares held %
Holland & Holland Sporting Weapons Limited	Retail sale of guns and accessories	USA	Ordinary \$1	100
W&C Scott (Gunmakers) Limited*	Dormant	London, UK	Ordinary £1	100
Rowland Ward of Bruton St Ltd*	Dormant	London, UK	Ordinary £1	100

The cost of investment in subsidiaries of £22k has been fully written down to £Nil in previous years.

*This company was dissolved on 22 June 2021.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

16. Stocks

	2021 £000	2020 £000
Raw materials and consumables	581	1,383
Work in progress	2,847	5,064
Finished goods and goods for resale	3,129	4,609
	<u>6,557</u>	<u>11,056</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

17. Debtors: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	214	540
Amounts owed by group undertakings	1,757	1,100
Other debtors	83	73
Tax receivable	892	44
Deferred tax asset (see note 23)	23	23
	<u>2,969</u>	<u>1,780</u>

Trade debtors disclosed above are classified as loans and receivables and therefore measured at amortised cost.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	756	-
Less: bank overdrafts	-	(3,542)
	<u>756</u>	<u>(3,542)</u>

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

19. Creditors: amounts falling due within one year

	2021	As restated 2020
	£000	£000
Bank overdrafts	-	3,542
Payments received on account	1,370	1,006
Trade creditors	286	753
Amounts owed to group undertakings	2,121	345
Other taxation and social security	107	99
Taxation	-	62
Accruals and deferred income	680	592
	<u>4,564</u>	<u>6,399</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20. Contingent liabilities and guarantees

Companies within the group have granted their bankers an omnibus right of set-off within the group up to a maximum of £Nil (2020 - £8,000k).

HMRC has granted a customs guarantee to the Company of £51k (2020 - £51k).

21. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£000	£000
Not later than 1 year	31	394
Later than 1 year and not later than 5 years	538	1,578
Later than 5 years	290	2,071
	<u>859</u>	<u>4,043</u>

22. Capital commitments

The Company had capital commitments as at 31 December 2021 of £204k (2020 - £40k).

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

23. Deferred tax

	2021 £000	2020 £000
At 1 January	23	522
Charged to profit and loss account and SOCIE	-	(499)
At 31 December	23	23

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Capital allowances in excess of depreciation	(45)	(45)
Short term timing differences	68	68
Provision for deferred tax	23	23

24. Non current provision and liabilities

	Dilapidations provision 2021 £000
At 1 January 2021	358
Credited to profit or loss	(358)
At 31 December 2021	-

25. Pension commitments

The Company operates a defined contribution scheme for all qualifying employees in the UK, whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and amounted to £472k (2020 - £268k). Contributions totalling £30k (2020 - £21k) were payable to the fund at the year end and are included in creditors.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

26. Pension scheme

The Company also operated a defined benefit scheme in the UK. The most recent actuarial valuation of the scheme was at 31 December 2020. The principal financial assumptions adopted were that the long term rate of return would be 2.9% per annum and that salary increases would average 2.5% per annum.

At the date of the latest valuation, the market value of the assets of the scheme was £27.9 million and the actuarial value of the assets represented 94% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

The level of payment in the prior year was £95k per annum and the next increase of 3% was applicable on 1 April 2021.

The Company had obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend in several factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimated these factors in determining the net pension obligation in the balance sheet. The assumptions reflected historical experience and current trends.

During the year, and as part of the acquisition by GMK Limited, the defined benefit pension obligation was transferred to a group company of the former owner.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension costs are detailed below:

	2021	2020
	%	%
Discount rate for scheme liabilities	-	1.5
Rate of salary increase	-	3.00
Increase in retail price index	-	2.60
Increases in pensions in payment	-	2.60

The mortality assumptions adopted at 31 December 2019 implies the following life expectancies:

	2021	2020
Male retiring at age 65 in 2019	-	22.0
Female retiring at 65 in 2019	-	23.9
Male retiring at age 65 in 2039	-	23.4
Female retiring at age 65 in 2039	-	25.4

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

26. Pension scheme (continued)

The amounts recognised in profit or loss are as follows:

	Value at 31 December 2021 £000	Value at 31 December 2020 £000
Current service cost	-	9,473
Bonds	-	-
Gilts	-	7,260
Other	-	13,303
Total market value of assets	-	30,036
Present value on scheme liabilities	-	(29,425)
Asset in scheme	-	611
Restriction of scheme asset	-	(611)
Related deferred tax asset	-	-
Net pension asset	-	-

Reconciliation of present value of scheme liabilities

	Year Ending 31 December 2021 £000	Year Ending 31 December 2020 £000
Scheme liabilities at start of year	29,425	30,892
Current service cost	-	483
Interest cost	-	604
Contributions by employer	-	-
Actuarial gains	-	660
Benefits paid and death in service insurance premiums	-	(3,214)
Transfer of obligation	(29,425)	-
Scheme liabilities at end of year	-	29,425

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

26. Pension scheme (continued)

Reconciliation of fair value of scheme assets

	Year Ending 31 December 2021 £000	Year Ending 31 December 2020 £000
Fair value of scheme assets at start of year	30,037	28,062
Administrative costs	-	(140)
Interest Income	-	552
Actuarial gains	-	4,068
Contributions by scheme participants	-	708
Benefits paid and death in service insurance premiums	-	(3,213)
Transfer of obligation	(30,037)	-
Fair value of scheme assets at end of year	-	30,037
	2021 £000	2020 £000
Analysis of the amount charged to operating loss		
Administrative costs	-	(140)
Current service cost	-	(483)
Total operating charge	-	(623)
Analysis of the amount credited to other finance expense		
Net Interest cost on pension scheme liabilities	-	-
Net (debit) to other finance expense	-	(52)
Total charge to profit and loss	-	(571,000)
	2021 £000	2020 £000
- for a male aged 65 now	-	3,457

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

26. Pension scheme (continued)

	2021 £000	2020 £000
Actual return less expected return on pension scheme assets	-	3,457
Experience gains and losses arising on the scheme liabilities	-	2,686
Changes in assumptions underlying the present value of the scheme liabilities	-	(3,328)
Actuarial loss recognised	-	2,815

27. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
73,021,592 (2020 - 68,000,000) ordinary shares of £1 each	73,022	68,000

On 31 January 2021, a resolution was passed increasing the authorised capital to £73,022. On the same date a resolution was passed to issue and allot 5,021,592 new ordinary shares of £1 each. The consideration for the shares was settled by the release by Mousseluxe Sarl of the Company's liability owed to group undertakings.

28. Reserves

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

29. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with wholly owned subsidiaries within the group.

30. Ultimate parent Company

From the 1st February 2021 the Company's immediate parent Company is GMK Limited. The Ultimate parent company is Beretta Holding S.A.

GMK Limited is a Company incorporated in United Kingdom and produces full financial statements available from the Company House website, registration number 08420479.

Holland & Holland Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

31. Subsequent events

Since the balance sheet date, further loans of £1.8 M have been provided by the Company's immediate parent undertaking.

32. Controlling party

As at the year end the company was a 60% indirectly owned subsidiary of Beretta Holding S.A, incorporated in Luxembourg. The ultimate parent Company is Upfira S.A incorporated in Luxembourg.