

Hadley Industries Holdings Limited

**Annual report and financial
statements**

**Registered number 00831538
For the year ended 30 April 2021**



Contents

Strategic report	1
Directors' report	6
Statement of Directors' responsibilities statements	7
Independent auditor's report to the members of Hadley Industries Holdings Limited	8
Profit and Loss Account	11
Other Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes	15

Strategic report

The directors present their annual report and the audited financial statements of the company for the year ended 30 April 2021.

Principal activity

The principal activity of the Company is cold roll forming of metal profiles and the provision of tooling, maintenance and research services associated with this activity. The Company also designs and manufactures steel framing products and panels.

Business review and future developments

FY2021 saw the COVID-19 crisis continue to unfold. The unprecedented global response to this has led to many impacts on our own operations, our customers and the day to day lives of our employees.

In spite of these difficulties we are pleased to report that the construction sector has remained buoyant and continues to lead the economic recovery. This strength has enabled us to 'weather the storm' of the crisis and emerge stronger.

Our Company turnover levels dropped to £103.6m (2020: £107.7m) despite £7.0m of additional turnover relating to our steel framing business hived up at the end of last year. However, a cost restructuring exercise in response to the pandemic helped reduce our total overheads to £21.5m (2020: £21.7m). The Company also benefited from the UK 'job retention scheme' supporting the ongoing employment of our workforce with a grant of £1.2m. These factors led to an increase in operating profits to £4.8m (2020: £3.9m). £0.8m of this increase was attributable to our steel framing business.

Other comprehensive income has benefited from an actuarial gain on our Defined Benefit pension scheme, before the impact of taxation, of £2.7m (2019: £1.8m loss). This is due to wider economic issues such as interest rate and inflation expectations which are factors outside of the Company's control. Our relationship with our pension scheme trustees is good and funding levels have been maintained throughout the current period and increases agreed into the future.

Our balance sheet position remains strong with net assets of £59.4m (2020: £54.2m). Cash balances decreased purely down to redistributing cash within the wider Hadley Group. Underlying cash generation is good. Our working capital movements year on year have been heavily distorted by site shutdowns at the end of FY2020.

Whilst market conditions continue to be challenging, especially around steel supply, we are pleased to report such a strong trading performance. As the Company entered this period of turmoil our financial position was strong. We believe we emerge from this stronger still and look forward to the challenges ahead.

As we move forward the Company will continue to explore new products and markets which will be the pillars of our future growth. Research and development will remain a key area of focus which the Board believes will provide a strong platform for the future.

Key performance indicators (KPIs)

The board monitor the performance of the Company through a number of financial and non-financial KPIs. The following are amongst those reviewed regularly:

	2021	2020
Gross Margin %	24.2%	23.8%
Profit before tax	£4,371,000	£3,462,000
Cash	£33,000	£2,479,000

Principal risks and uncertainties

The financial risks the directors consider relevant to the Company are currency risk, liquidity risk, credit risk, IT systems risk and raw material risk.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Currency risk arises on export sales denominated in foreign currency. Where possible the Company mitigates this risk by entering into appropriate hedging arrangements.

The Company is vulnerable to liquidity risk if short term funds are not available to meet current liabilities. This risk is mitigated by detailed cash flow forecasting and short term borrowing facilities.

Credit risk arises when customers do not settle their accounts in a timely manner. The Company maintains rigorous credit control procedures and utilises trade credit insurance where necessary to mitigate this risk.

There would be significant disruption to our operations if key IT systems were to fail. The Company mitigates this via appropriate backup and IT support arrangements. As well as vigorous network security measures.

Steel costs and material availability are a critical area and key focus for the Company. Volatility in both steel prices and availability can have a significant impact on margins and delivery. This risk is mitigated by entering into fixed price and volume deals for a proportion of the steel purchased. The Company is aware of pricing trends thanks to its excellent supplier relations.

COVID-19

The onset of the pandemic caused significant disruption to our own operations and those of our customers. The Company's output during April 2020 and May 2020 was severely curtailed with sales levels down approximately 50% on where they would otherwise have been. The Group made the difficult but necessary decision to realign its cost base with the new expected future levels of activity.

As described earlier in the report we are pleased that demand has rebounded so strongly since the start of the crisis. We are now back to activity levels the same or in some areas higher than before the pandemic.

Our financial position has remained strong throughout the COVID-19 period and is forecast to remain so. The excellent relationships we have with our bank and other key stakeholders have helped us navigate through the last 12 months successfully. Honest and open communication has been key to this.

The Company has introduced a number of changes to our working practices to safeguard our employees. These include changing shift patterns, home working, PPE equipment and implementing social distancing rules. We have encouraged and supported employees to take part in the national vaccination program.

We are proud of the work done to make our workplaces COVID-secure and create a safe working environment.

Strategic Report *(continued)*

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to:

- the likely consequences of any decisions in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between stakeholders in the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and relationships with employees, customers and suppliers.

By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and predictable. We delegate authority (within defined parameters) for day-to-day management of the Company to management and then engage with them in setting, approving and overseeing execution of the business strategy and related policies.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, ESG (Environmental Social Governance) matters and the outcomes of specific pieces of engagement. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the Company.

Engagement with stakeholders

We are committed to effective engagement with all our stakeholders. The Board is mindful that our success depends on its ability to engage effectively, work together constructively, and to take all stakeholder views into account. The Board engages with stakeholders by various means and addresses matters which concern them. Further detail of how we engage with our key stakeholders is detailed below.

Engagement with employees

The Company recognises the importance of regular communication with its employees on matters of concern to them. We undertake a variety of activities and forums to obtain employee feedback and ideas. These include:

- Annual staff appraisals
- Staff questionnaires
- Team/department meetings
- Staff briefings

Our briefings and meetings are a two way process for discussion and feedback. These views are fed back to senior management to take into account during the decision making process.

The Company operates various bonus schemes based on financial performance to reward employees for the Company's financial successes.

We put a key focus on investment in our people and their development. Ongoing investment in our apprenticeship programs and our university R&D partnerships being just some examples.

Strategic Report (continued)

Engagement with customers

Our customers are concerned with the quality of the products and services we deliver. Listening to our customers is vital to our success. We seek to ensure we deliver what the customer wants and seek customer views via various mediums. These include:

- Regular customer meetings and dialogue
- Trade show attendance
- Site visits
- CPD presentations
- Market research reports

Engagement with suppliers and finance partners

Our suppliers are key stakeholders in the business, they facilitate the delivery of the products that our customers want. Without the support of our suppliers we would not be able to operate. We seek to ensure we engage with all our suppliers in a partnership manner and follow various principals in our engagement with them. These include:

- Operating tender processes for significant purchases
- Agreeing open and transparent terms of engagement
- Paying to terms on agreed invoices
- Regular meetings and dialogue

We have a strong long term relationship with banking partner with whom we operate on an open basis. We hold regular business update sessions which are supported by the provision of various management reports.

Engagement with shareholders

Communication with our shareholders is extremely important for the Board. A direct and regular dialogue is maintained with our shareholders, via their regular attendance at Board meetings and meetings with the Management Team, all supported by reports and papers as appropriate.

We set out below an example of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us. In making the following decisions the Board considered the outcomes from its stakeholder engagement.

Environment – during the year the Board agreed to transition towards the use of electric vehicles for both our company car fleet and fork lift trucks. This will benefit the business in the long term through lower costs but also reduce our carbon footprint.

Strategic Report (*continued*)

Energy and carbon report

Reducing our environmental impact where possible is an important part of the Company's strategy and values. The table below illustrates our UK energy use in line with the streamlined Energy and Carbon Reporting (SECR) framework:

	2021	2020
UK energy use (kWh)	12,132,257	13,813,520
Associated greenhouse gas emissions resulting from the consumption of gas and fuel for the purposes of transport (Tonnes CO2 equivalent)	1,352	1,442
Associated greenhouse gas emissions resulting from the purchase of electricity (Tonnes CO2 equivalent)	1,029	1,433
Intensity Ratio. Emissions per tonnes sold	0.026	0.029

Associated greenhouse gas emissions have been calculated using the GHG Reporting Protocol and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Our FY21 energy consumption was reduced largely due to knock on impact of COVID-19. However during the year we continued the rollout of LED lighting throughout our production facilities which will reduce our electricity consumption over time.

We will continue to develop new products and processes to improve the efficient usage of raw materials.

By order of the board



BS Towe
Company Director

PO Box 92
Downing Street
Smethwick
West Midlands
B66 2PA

17 September 2021

Directors' report

Directors

The directors of the company who were in office during the year and up to date of signing the financial statements were as follows:

SR Towe CBE DL
BS Towe
MA Castellucci
RG Neale (resigned 28th September 2020)
JM Jaggar

Directors' indemnities and insurance

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force as at the date of this report. The Company maintains directors' and officers' liability insurance for its Directors and officers.

Research and development

The company continues to invest in research and development. Improvements in both products and processes are ongoing to ensure the continuing success of the company.

Dividends

The directors do not recommend the payment of a dividend. (2020: £Nil).

Charitable and political donations

During the year the company made charitable donations of £110,000 (2020: £156,000) to various charities including The Prince's Trust and The Outward Bound Trust. There were no political donations (2020: £Nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective abilities and aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. The Company does not discriminate on the grounds of disability or on the grounds of sexual orientation, age or religious belief.

Disclosure of information to auditor

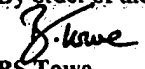
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

RSM UK Audit LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors report. It has done so in respect of: exposure to risk; future developments; engagements with employees; relationships with customers, suppliers and other; and energy and carbon reporting.

By order of the board


BS Towe
Company Director

17 September 2021

PO Box 92
Downing Street
Smethwick
West Midlands
B66 2PA

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the company and of the profit or loss of the Company and the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and 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 and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Hadley Industries Holdings Limited

Qualified opinion

We have audited the financial statements of Hadley Industries Holdings Limited (the 'company') for the year ended 30 April 2021 which comprise the profit and loss account, statement of other comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 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 qualified opinion

Due to restrictions in place resulting from the Covid-19 pandemic, we were unable to observe the counting of physical stock as at 30 April 2020, the reporting date for the previous year, as we would normally do for a material amount of stock. Audit evidence available to us was therefore limited. Owing to the nature of the company's stock and records we were unable to obtain sufficient appropriate audit evidence by alternative means concerning the stock quantities held at that date, which were included in the balance sheet at £7,265,000.

We were able to successfully carry out test counts at several of the company's stock-holding locations during August and September 2020 and perform cut-off procedures at the previous year end. However, we were unable to fully satisfy ourselves by alternative means concerning the stock quantities held at 30 April 2020. Consequently, we were unable to determine whether any adjustment to this amount was necessary and our opinion on the previous year's financial statements was modified.

Since the opening stock position affects the determination of the current year's results, our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the cost of sales for the year ended 30 April 2021.

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

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the stock quantities held at 30 April 2020. We have concluded that where the other information refers to the stock balance at 30 April 2020 or related items such as cost of sales, it may be materially misstated for the same reason.

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 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.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, 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.

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor'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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, enquiring with management and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with relevant authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments using data analytics software;
- evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- cut-off testing and substantive testing procedures using data analytics software to validate revenue recognition throughout the year.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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.

RSM UK Audit LLP

Ian Wall (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

17 September 2021

Profit and Loss Account
for the year ended 30 April 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	3	103,643	107,710
Cost of sales		(78,588)	(82,093)
Gross profit		25,055	25,617
Distribution costs		(318)	(1,160)
Administrative expenses		(21,180)	(20,573)
Other operating income		1,218	-
Operating profit	4	4,775	3,884
Income from associated undertakings		-	125
Interest payable and similar expenses	7	(404)	(547)
Profit before taxation		4,371	3,462
Tax on profit	8	(1,375)	(244)
Profit for the financial year		2,996	3,218

All activities are derived from continuing operations.

The notes on page 15 to 32 form part of these financial statements.

Statement of Other Comprehensive Income
for the year ended 30 April 2021

	2021 £000	2020 £000
Profit for the year	2,996	3,218
Other comprehensive income		
Remeasurement of the net defined benefit liability	2,732	(1,768)
Deferred tax attributable to measurement of net defined benefit liability	(519)	435
Other comprehensive income for the year, net of income tax	2,213	(1,333)
Total comprehensive income for the year	5,209	1,885

Balance Sheet
at 30 April 2021

	Note	2021 £000	2020 £000	£000
Fixed assets				
Tangible assets	9	36,907		37,545
Intangible assets	10	15,206		17,305
Investments in subsidiary undertakings	11	1,341		-
Investments in associated undertakings	12	-		5
		53,454		54,855
Current assets				
Stocks	13	5,596	7,265	
Debtors	14	52,127	34,017	
Cash at bank and in hand		33	2,479	
		57,756	43,761	
Creditors: amounts falling due within one year	15	(38,861)	(27,491)	
Net current assets				16,270
Total assets less current liabilities		72,349		71,125
Creditors: amounts falling due after more than one year	16	(798)		(1,277)
Provisions for liabilities				
Deferred taxation	17	(415)		(419)
Other provisions	18	(478)		(730)
Net assets excluding pension liabilities		70,658		68,699
Pension liabilities	20	(11,280)		(14,530)
Net assets including pension liabilities		59,378		54,169
Capital and reserves				
Called up share capital	19	110		110
Share premium account		2,489		2,489
Profit and loss account		56,779		51,570
Shareholders' funds		59,378		54,169

These financial statements on pages 11 to 32 were approved by the board of directors on and were signed on its behalf by:



BS Towe
Director

Company registered number: 00831538

17 September 2021

Statement of Changes in Equity

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 May 2019	110	2,489	49,685	52,284
Total comprehensive income for the period				
Profit	-	-	3,218	3,218
Other comprehensive income	-	-	(1,333)	(1,333)
Total comprehensive income for the period	-	-	1,885	1,885
Balance at 30 April 2020	110	2,489	51,570	54,169
	£000	£000	£000	£000
Balance at 1 May 2020	110	2,489	51,570	54,169
Total comprehensive income for the period				
Profit	-	-	2,996	2,996
Other comprehensive income	-	-	2,213	2,213
Total comprehensive income for the period	-	-	5,209	5,209
Balance at 30 April 2021	110	2,489	56,779	59,378

Notes

(forming part of the financial statements)

1 Accounting policies

Hadley Industries Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 00831538 and the registered office and principal place of business is Downing Street, West Midlands, Smethwick, B66 2PA. The company's principal activities are detailed on page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Company's (Accounts and Reports) Regulations 2008. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company has taken advantage of the exemption in section 400/401 of the companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity. The Company's ultimate parent undertaking, Hadley Industries Plc includes the Company in its consolidated financial statements. The consolidated financial statements of Hadley Industries Plc are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Since the initial onset of the pandemic our activity levels have rebounded strongly in our core markets. Our excellent relationship with key financial stakeholders have helped us navigate through this period.

Currently the wider steel market presents a challenging back drop to the business with highly volatile prices and constraints on availability. However, the directors are confident the Company is well placed to deal with these challenges.

The ability of the company to continue as a going concern is inextricably linked to the financial stability of the Group as a whole. The Group has prepared detailed budgets to forecast its profitability, cash position and banking covenant compliance over the next 12 month period. These forecasts anticipate no difficulties in staying within our banking covenants with comfortable levels of headroom. Monitoring of these projections provides the Directors with timely information to ensure the Group has adequate resources available to it to meet the requirements of its stakeholders.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report that accompanies the Group financial statements. The Group has long established relationships with customers and suppliers which, together with the Group's current financial strength, provide a solid foundation. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to settle any debts as they fall due.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern (continued)

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

The Directors have considered the consequences of COVID-19 and other events and conditions, and have determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.12 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 1% - 15% straight line basis
- plant and equipment 3% - 50% straight line basis
- fixtures and fittings 14% - 25% straight line basis

Notes (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits. Tooling costs are capitalised net of any customer contributions.

1.6 Intangible assets

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or Company of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives, which have been selected as it is believed to be the period over which the benefit of the asset will be consumed, are as follows:

- Goodwill 10 years
- Patents and Licences 10 years

Intangible assets are tested for impairment when there is an indication that goodwill or an intangible asset may be impaired.

1.7 Stocks

Stocks are stated at the lower of cost an estimated selling price in the ordinary course of business less costs of completion and selling expenses. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks, cost includes an appropriate share of overheads based on normal operating capacity.

1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Company, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.11 Turnover

Turnover represents the invoiced value of goods delivered to customers excluding value added tax. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer and the amount can be measured reliably.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of design and construction services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Notes (continued)

1 Accounting policies (continued)

1.12 Other profit and loss account items

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax expenses or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

Notes (continued)

1 Accounting policies (continued)

1.14 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors the following are the critical judgements made in the process of applying the company's accounting policies:

Impairment of fixed assets

At each reporting date, the company is required to assess whether there is any indication that, in management's judgement, the carrying value of tangible or intangible assets may not be recoverable. If any indication exists, the relevant assets recoverable value is estimated, being the greater of its value in use and fair value less cost to sell. Where the carrying value exceeds the recoverable value, the asset's carrying value is reduced to the recoverable value.

Actuarial assumptions on pension obligations

In determining the valuation of the defined benefit pension liability, certain assumptions about the scheme have been made, notably the expected return on assets, inflation, discount rates, mortality and pension increases. The factors affecting these assumptions are largely outside the Company's control.

The following information provides an indication of the sensitivity of the value of the liabilities to changes in assumptions.

Change	Impact on liability
Decrease discount rate by 0.1% p.a.	2% increase
Increase inflation linked assumptions by 0.1% p.a.	2% increase
Increase life expectancy by 1 year	4% increase

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Dilapidations

The dilapidations provision is based on the future expected repair costs required to restore the Company's leased buildings, to their fair condition at the end of the lease terms. The provision of £478,000 is based on the Company's best estimate of the likely cash outflows that will be incurred. The directors believe the final expenditure will not be materially different from this amount but to the extent that it is this will be a profit and loss account charge or credit.

2 Acquisitions of businesses

Acquisitions in the current period – George Green Transport Limited

On 14th December 2020 the Hadley Industries Holdings Limited acquired the remaining 50% of the business of George Green Transport Limited. The cost of the acquisition was £1,335,940. The principal activity of the company is the transport of freight by road.

Notes (continued)

3 Turnover

	2021 £000	2020 £000
United Kingdom	91,219	91,675
Europe	10,458	13,406
Rest of the World	1,966	2,629
	<u>103,643</u>	<u>107,710</u>

Analysis of turnover by class of business:

	2021 £000	2020 £000
Manufacture of cold rolled steel and profiled sheets	96,647	107,710
Construction related activities	6,996	-
	<u>103,643</u>	<u>107,710</u>

4 Expenses and auditor remuneration

	2021 £000	2020 £000
<i>Profit before taxation is stated after (crediting)/charging:</i>		
Loss on disposal of fixed assets	143	3
Depreciation and other amounts written off tangible fixed assets:		
Owned	3,462	3,751
Leased	60	69
Amortisation of intangible assets	2,116	852
Foreign exchange (gain)/loss	(14)	(31)
Operating lease rentals:		
Land and buildings	363	466
Plant and machinery	55	87
Other	62	70
Research and development	700	750
	<u></u>	<u></u>

Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	77	62
	<u></u>	<u></u>

5 Staff numbers and costs

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

	Number of employees	
	2021	2020
Production	263	307
Administration and distribution	156	158
	<u>419</u>	<u>465</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	14,470	15,055
Social security costs	1,547	1,735
Other pension costs	579	957
	<u>16,596</u>	<u>17,747</u>

Pension costs for the defined contribution scheme totalled £579,000 (2020: £957,000). Pension contributions for the defined benefit scheme totalled £933,000 (2020: £866,000).

6 Directors remuneration

	2021 £000	2020 £000
Aggregate emoluments	1,294	2,047
Pension contributions	14	40
	<u>1,308</u>	<u>2,087</u>

Four (2020: four) directors participated in the defined contribution pension schemes operated by the company and none (2020: none) of the directors participated in the Hadley Pension Fund. All pension contributions disclosed above are to these schemes.

The aggregate emoluments of the highest paid director were £306,000 (2020: £424,000). The accrued pension at the end of the year was £Nil (2020: £Nil) and pension contributions of £4,000 (2020: £10,000) were paid on his behalf in respect of his defined contribution scheme.

7 Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest	150	231
Hire purchase interest	14	9
Net interest expense on net defined benefit liabilities	240	307
	<u>404</u>	<u>547</u>

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £000	2020 £000
Current tax		
Current tax on income for the period	1,362	576
Adjustments in respect of prior periods	11	(216)
Other relief	-	7
Total current tax	1,373	367
Deferred tax (see note 17)		
Origination and reversal of timing differences	5	158
Change in tax rate	-	(131)
Adjustment in respect of previous periods	(2)	(150)
Total deferred tax	3	(123)
Total tax	1,376	244

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit before taxation	4,371	3,462
Tax using the UK corporation tax rate of 19% (2020: 19%)	830	658
Transfer pricing adjustments	148	64
Income not taxable	(24)	(19)
Non-deductible expenses	414	274
Effects of Company relief / other reliefs	-	(236)
Adjustment from previous periods	8	(366)
Tax rate changes	-	(138)
Effects of overseas tax rates	-	7
Total tax expense included in profit or loss	1,376	244

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £000	Leasehold improvements £000	Plant, machinery and fixtures £000	Motor vehicles £000	Under construction £000	Total £000
Cost						
At beginning of year	20,475	1,146	53,589	27	4,627	79,864
Additions	1,056	-	-	-	2,977	4,033
Disposals	-	-	(1,769)	(46)	(886)	(2,701)
Transfers	1,066	-	3,088	-	(4,154)	-
Reclassifications	-	-	(295)	295	-	-
At end of year	22,597	1,146	54,613	276	2,564	81,196
Depreciation						
At beginning of year	1,863	422	39,810	6	218	42,319
Charge for year	-	172	3,312	38	-	3,522
On disposals	-	-	(1,415)	(46)	(91)	(1,552)
Reclassifications	-	-	(262)	262	-	-
At end of year	1,863	594	41,445	260	127	44,289
Net book value						
At 30 April 2021	20,734	552	13,168	16	2,437	36,907
At 30 April 2020	18,612	724	13,779	21	4,409	37,545

The depreciation charge is included in administrative expenses.

Included within plant and machinery are amounts held under hire purchase agreement. At 30 April 2021, the net book value of these assets amounted to £163,000 (2020: £225,000) with accumulated depreciation totalling £202,000 (2020: £374,000). The depreciation for the year on these assets totalled £60,000 (2020: £69,000).

10 Intangible fixed assets

	Goodwill £000	Patents & Licences	Total £000
Cost			
At beginning of year	18,104	103	18,207
Acquired	-	17	17
At end of year	18,104	120	18,224
Amortisation			
At beginning of year	902	-	902
Charge for the year	2,097	19	2,116
At end of year	2,999	19	3,018
Balance at 30 April	15,105	101	15,206

Notes (continued)

11 Fixed asset investments in subsidiary undertakings

	£000
Cost	
At beginning of year	2,576
Additions	1,336
Transfer from associated undertakings	5
	<hr/>
At end of year	3,917
	<hr/>
Provision for impairment	
At beginning of year	2,576
Charge for the year	-
	<hr/>
At end of year	2,576
	<hr/>
Net book value	
At 30 April 2021	1,341
	<hr/>
At 1 May 2020	-
	<hr/>

The company has an investment in the following subsidiary companies:

Subsidiary company	Principal activity	Country of incorporation	Interest in ordinary shares
Hadley Rolled Products Limited	Dormant	England and Wales	100%
Hadsec Limited	Dormant	England and Wales	100%
Bridge Steel Sections Limited	Dormant	England and Wales	100%
Rollform Sections Limited	Dormant	England and Wales	100%
Precision Sections Ltd	Dormant	England and Wales	100%
Ultrasteel Products Limited	Dormant	England and Wales	100%
Cladding Sheets & Profiles Ltd	Dormant	England and Wales	100%
Sections & Profiles Limited	Dormant	England and Wales	100%
Hadley Metal Processing Ltd	Dormant	England and Wales	100%
Hadley Sections Limited	Dormant	England and Wales	100%
Ultra-Facilities Services Ltd	Dormant	England and Wales	100%
Steel Fence Supplies Ltd	Dormant	England and Wales	100%
Structural Sections Limited	Dormant	England and Wales	100%
Absolute Framing Ltd	Dormant	England and Wales	100%
Corrugated Steel & Sheets Ltd	Dormant	England and Wales	100%
EWS (Manufacturing) Ltd	Dormant	England and Wales	100%
Hadley Steel Framing Ltd	Dormant	England and Wales	100%
Hill Top Sections Limited	Dormant	England and Wales	100%
George Green Transport Limited*	Road Haulage	England and Wales	100%

*On 14th December 2020 the Company acquired the remaining 50% of the business of George Green Transport Limited. The cost of the investment was transferred in from fixed asset investments in associated undertakings.

The address of these subsidiary companies is: PO Box 92 Downing Street, Smethwick, West Midlands, B66 2PA.

Notes (continued)

12 Fixed asset investments

Fixed asset investments in associated undertakings

	Interests in associated undertakings
	£000
Cost	
At beginning of year	5
Transfer	(5)
At end of year	
Accumulated amortisation of goodwill	
At beginning of year	-
Charge for the year	-
At end of year	-
Net book value	
At 30 April 2021	-
At 1 May 2020	5

On 14th December 2020 the Company acquired the remaining 50% of the business of George Green Transport Limited. The cost of the investment was transferred out of associated undertakings in to fixed asset investments in subsidiary undertakings.

13 Stocks

	2021 £000	2020 £000
Raw materials and consumables	3,274	3,788
Finished goods and goods for resale	2,322	3,477
	<u>5,596</u>	<u>7,265</u>

The replacement cost of the above stocks would not be significantly different from the values stated.

Notes (continued)

14 Debtors

	2021 £000	2020 £000
Trade debtors	25,472	16,053
Amounts recoverable on contracts	1,160	316
Amounts owed by group undertakings	21,357	11,948
Amounts owed by associated undertakings	234	57
Other debtors	1,325	1,729
Prepayments	263	1,004
Deferred tax assets (see note 17)	2,316	2,841
Corporation tax asset	-	69
	<u>52,127</u>	<u>34,017</u>

All amounts owed by Company undertakings are unsecured, bear no interest and are repayable on demand.

15 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank loans and overdrafts	3,229	814
Finance leases	77	69
Trade creditors	25,721	20,918
Amounts owed to group undertakings	5,402	386
Amounts owed to associated undertakings	-	583
Taxation and social security	489	707
Corporation tax payable	233	-
Group relief payable	2,131	1,956
Other creditors and accruals	1,579	2,058
	<u>38,861</u>	<u>27,491</u>

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

All of the bank loans and overdrafts are secured by a first mortgage over land and buildings, a fixed charge over book debts and a floating charge over all other Company assets. The bank loans incur interest at rates between 3.5% and 3.7% (2020: between 3.5% and 3.7%). The bank loans are denominated in Sterling and are subject to monthly repayments.

Notes (continued)

16 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Bank loans and overdrafts	694	1,097
Obligations under finance leases	104	180
	<u>798</u>	<u>1,277</u>

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2021 £000	2020 £000
Less than one year	77	69
Between one and five years	99	168
More than five years	5	12
	<u>181</u>	<u>249</u>

Obligations under finance leases and hire purchase contracts are secured by the related assets and bear finance charges at rates ranging from 5.41% to 6.58% per annum (2020: 5.41% to 6.58% per annum).

17 Deferred tax assets and liabilities

	Deferred tax £000
At 1 May 2020	2,423
Adjustment in respect of prior years	2
Deferred tax charge in profit and loss account	(5)
Movement arising from transfer of trade	-
Deferred tax charge in other comprehensive income	(519)
At 30 April 2021	<u>1,901</u>

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Accelerated capital allowances	-	-	(415)	(418)	(415)	(418)
Employee benefits	2,143	2,761	-	-	2,143	2,761
Short term timing difference	173	80	-	-	173	80
Tax assets / (liabilities)	<u>2,316</u>	<u>2,841</u>	<u>(415)</u>	<u>(418)</u>	<u>1,901</u>	<u>2,423</u>

The amount of £2,316,000 (2020: £2,481,000) is treated as a deferred tax asset and is recorded in debtors. See note 14.

Notes (continued)

18 Dilapidation provision

	£000
1 May 2020	730
Additional provision in year	10
Utilised in the year	(262)
	<hr/>
30 April 2021	478
	<hr/>

The provision relates to the costs of dilapidations on a leased properties. This provision is expected to unwind in the next financial year.

19 Called up share capital

	2021 £000	2020 £000
<i>Issued and fully paid</i>		
110,429 ordinary shares of £1 each	110	110
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

20 Employee benefits

Defined benefit scheme

The last full actuarial valuation of this scheme was carried out by an independent qualified actuary as at 30 April 2019 and updated to 30 April 2021.

The company began sponsoring the scheme following a Company reorganisation on 30 April 2008.

The total contributions made over the financial year to the merged schemes have been £933,000 (2020: £866,000). The scheme became paid up with effect from 30 April 2005. Expected contributions for the coming year are £ 961,000 (2020: £933,000) and the directors made contributions by deductions from earnings of £Nil (2020: £Nil).

The information disclosed below is in respect of the whole of the plans for which the Company is either legally responsible or has been allocated a share of cost under an agreed Company policy throughout the periods shown.

Net pension liability

	2021 £000	2020 £000
Defined benefit obligation	(26,485)	(28,234)
Plan assets	15,205	13,704
	<hr/>	<hr/>
Net pension liability	(11,280)	(14,530)
	<hr/>	<hr/>

Movements in present value of defined benefit obligation

	2020 £000	2020 £000
At 1 May	28,234	26,577
Expenses	175	202
Interest expense	473	629
Remeasurement: actuarial (gain)/loss	(1,427)	1,754
Benefits paid	(970)	(928)
	<hr/>	<hr/>
At 30 April	26,485	28,234
	<hr/>	<hr/>

Notes (continued)

20 Employee benefits (continued)

Movements in fair value of plan assets

	2021 £000	2020 £000
At 1 May	13,704	13,458
Interest income	233	322
Remeasurement: return on plan assets less interest income	1,305	(14)
Contributions by employer	933	866
Benefits paid	(970)	(928)
At 30 April	15,205	13,704

Expense recognised in the profit and loss account

	2021 £000	2020 £000
Net interest on net defined benefit liability	240	307
Expenses	175	202
Total expense recognised in profit or loss	415	509

The fair value of the plan assets and percentage held of those assets were as follows:

	2021 Fair value £000/%	2020 Fair value £000/%
Equities	5,697/37	4,554/33
Bonds	4,868/32	4,957/36
Other	4,640/31	4,193/31
	15,205	13,704

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2021 %	2020 %
Discount rate	2.00	1.70
Inflation (RPI)	3.30	2.80
Inflation (CPI)	2.80	2.30
Allowance for pension in payment increase of CPI or 5% pa if less	2.80	2.30
Allowance for revaluation of deferred pensions of CPI or 5% pa if less	2.70	2.30
Allowance for pension in payment increase of RPI or 2.5% pa if less	2.10	2.00

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male), 24.4 years (female).
- Future retiree upon reaching 65: 23.4 years (male), 25.8 years (female).

Notes (continued)

21 Commitments under operating leases

At 30 April 2021 the Company has future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings £000	Plant and machinery £000	Others £000	Total £000
Within one year	17	221	48	286
In second to fifth years	-	101	45	146
Over five years	-	-	-	-
	<u>17</u>	<u>322</u>	<u>93</u>	<u>432</u>

22 Related party disclosures

As a wholly owned subsidiary undertaking of Hadley Industries Plc, the company has taken advantage of the exemption under FRS102 not to disclose transactions that have been made between the Company and other fellow 100% owned subsidiaries of Hadley Industries Plc.

Company

Identity of related parties with which the company has transacted

Spacious Place Developments Limited is an entity under common control. The transactions with this entity are summarised as follows. The loans are repayable on demand:

	2021 £000	2020 £000
Sales	-	-
Purchases	-	-
Interest received	4	7
Dividend received	-	-
Debtors	886	787
Creditors	-	-

The Company's transactions with Clark Dietrich Hadley LLC its associated undertaking, are summarised as follows:

	2021 £000	2020 £000
Sales	415	-
Purchases	-	-
Dividend received	-	-
Debtors	233	-
Creditors	-	-

Notes *(continued)*

23 Ultimate parent company and controlling party

The immediate and ultimate parent undertaking is Hadley Industries Plc, a registered company in England and Wales. The Company financial statements of Hadley Industries Plc are available to the public on payment of the appropriate fee from Companies House, Crown Way, Cardiff, CF14 3UZ.

SR Towe CBE DL, a director of Hadley Industries Plc, controls the company as a result of holding over 50% of the issued ordinary share capital of Hadley Industries Plc.