

AMENDED

Report of the Directors and

Financial Statements

for the Year Ended 30 September 2020

for

Hallmark Kitchens Limited



Hallmark Kitchens Limited

Contents of the Financial Statements
for the Year Ended 30 September 2020

	Page
Company Information	1
Report of the Directors	2
Chartered Accountants' Report	4
Income Statement	5
Balance Sheet	6
Notes to the Financial Statements	8
Trading and Profit and Loss Account	13

Hallmark Kitchens Limited

Company Information
for the Year Ended 30 September 2020

DIRECTORS:

K Jennings
C Douglas
J Carlton

SECRETARY:

J Carlton

REGISTERED OFFICE:

South Barn
Crockham Park
Crockham Hill
Edenbridge
Kent
TN8 6SR

REGISTERED NUMBER:

01732505 (England and Wales)

ACCOUNTANTS:

Ward Mackenzie Ltd
Chartered Accountants
Thatcher House
12 Mount Ephraim
Tunbridge Wells
Kent
TN4 8AS

Report of the Directors
for the Year Ended 30 September 2020

The directors present their report with the financial statements of the company for the year ended 30 September 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the design, supply and installation of commercial kitchen systems.

REVIEW OF BUSINESS

Without doubt, the events experienced in the last twelve months have been extraordinary to say the least, not only for Hallmark's business but the lives of everyone throughout the world.

When the pandemic exploded in March, we were some five months into our financial year with a positive twelve-month projection for both turnover and profit. However, this changed rapidly as we saw our industry effectively shut down, with confirmed orders being cancelled or at best delayed.

Our Board faced challenges never experienced before but we were determined to protect our business as well as the welfare of our staff. We took advantage of the available Government initiatives and retained our Team so that we were ready for when our industry returned to some normality.

We also worked closely with all our major suppliers who were very supportive during this difficult period and we would like to acknowledge and thank them for their assistance.

In addition, the excellent relationships that we have with our clients came to fruition and whilst generating revenue through our project work on site was limited, we remained extremely busy in designing projects ready for when lockdown was eased.

Hallmark have a very experienced and dedicated Team of talented individuals who all faced up to the new normal of working remotely from home, a great testament to their loyalty.

Reflecting on our financial results, the effect of the pandemic and lockdowns reduced our year-on-year turnover by some 20% and our decision to maintain headcount and top up salary shortfalls from the furlough scheme resulted in a trading loss for the period.

That being said, we are in a very strong position for this year with a forward order book of circa £7m+ and with new opportunities cropping up almost daily. Whilst the challenges for the leisure industry moving forward are not to be underestimated, we are optimistic for a significantly improved 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2019 to the date of this report.

K Jennings
C Douglas
J Carlton

Report of the Directors
for the Year Ended 30 September 2020

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'J Carlton', written over a dotted line.

J Carlton - Secretary

30 June 2021

Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
Hallmark Kitchens Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Hallmark Kitchens Limited for the year ended 30 September 2020 which comprise the Income Statement, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Hallmark Kitchens Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Hallmark Kitchens Limited and state those matters that we have agreed to state to the Board of Directors of Hallmark Kitchens Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hallmark Kitchens Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Hallmark Kitchens Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Hallmark Kitchens Limited. You consider that Hallmark Kitchens Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Hallmark Kitchens Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Ward Mackenzie

Ward Mackenzie Ltd
Chartered Accountants
Thatcher House
12 Mount Ephraim
Tunbridge Wells
Kent
TN4 8AS

30 June 2021

This page does not form part of the statutory financial statements

Hallmark Kitchens Limited

Income Statement
for the Year Ended 30 September 2020

	Notes	2020 £	2019 £
TURNOVER		5,145,399	6,470,018
Cost of sales		(4,118,163)	(5,048,285)
GROSS PROFIT		1,027,236	1,421,733
Administrative expenses		(1,312,454)	(1,430,608)
		(285,218)	(8,875)
Other operating income		135,736	49,562
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION		(149,482)	40,687
Tax on (loss)/profit		10,175	(9,481)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(139,307)	31,206

The notes form part of these financial statements

Hallmark Kitchens Limited (Registered number: 01732505)

Balance Sheet
30 September 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	6	7,170	12,310
CURRENT ASSETS			
Stocks	7	236,662	677,821
Debtors	8	2,333,848	2,080,197
Cash at bank and in hand		273,468	292,628
		<u>2,843,978</u>	<u>3,050,646</u>
CREDITORS			
Amounts falling due within one year	9	(2,080,760)	(2,287,200)
NET CURRENT ASSETS		<u>763,218</u>	<u>763,446</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>770,388</u>	<u>775,756</u>
CREDITORS			
Amounts falling due after more than one year	10	(257,168)	-
PROVISIONS FOR LIABILITIES	12	(1,362)	(1,591)
NET ASSETS		<u><u>511,858</u></u>	<u><u>774,165</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Retained earnings	14	510,858	773,165
SHAREHOLDERS' FUNDS		<u><u>511,858</u></u>	<u><u>774,165</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 September 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

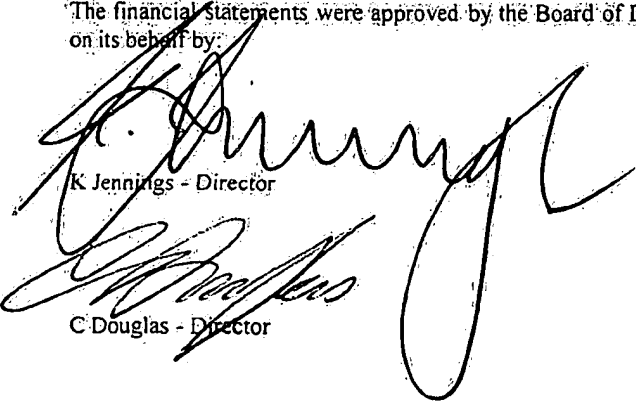
Hallmark Kitchens Limited (Registered number: 01732505)

Balance Sheet - continued

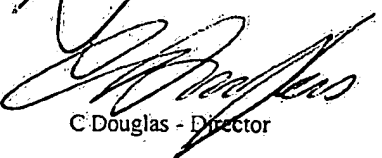
30 September 2020

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2021 and were signed on its behalf by:



K Jennings - Director



C Douglas - Director

The notes form part of these financial statements

Hallmark Kitchens Limited

Notes to the Financial Statements
for the Year Ended 30 September 2020

1. **STATUTORY INFORMATION**

Hallmark Kitchens Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

TURNOVER

Turnover represents net invoiced sales of goods and services, excluding value added tax.

TANGIBLE FIXED ASSETS

Fixed assets are depreciated on a straight line basis over varying lives of 3 to 15 years.

GOVERNMENT GRANTS

Government grants are recognised at fair value when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Grants receivable during the year under the Coronavirus Job Retention Scheme are included in the accounts under Other Income.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

When the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the period end (percentage of completion).

Where it is probable that a loss will occur on a contract, this is recognised in full immediately as an onerous contract provision.

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Hallmark Kitchens Limited

Notes to the Financial Statements - continued
for the Year Ended 30 September 2020

2. **ACCOUNTING POLICIES - continued**

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

HIRE PURCHASE AND LEASING COMMITMENTS

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

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

FACTORED DEBTS

The gross asset value of trade debtors factored is shown on the balance sheet within trade debtors and a corresponding liability if applicable in respect of the proceeds received from the factor is shown within creditors

3. **EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	872,003	963,799
Social security costs	93,699	110,144
Other pension costs	97,237	128,624
	<u>1,062,939</u>	<u>1,202,567</u>

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

	2020	2019
Directors	3	3
Employees	19	19
	<u>22</u>	<u>22</u>

4. **OPERATING (LOSS)/PROFIT**

The operating loss (2019 - operating profit) is stated after charging:

	2020	2019
	£	£
Depreciation - owned assets	<u>7,343</u>	<u>8,380</u>

Hallmark Kitchens Limited

Notes to the Financial Statements - continued
for the Year Ended 30 September 2020

5. **DIVIDENDS**

	2020	2019
	£	£
Interim	123,000	37,000

6. **TANGIBLE FIXED ASSETS**

	Fixtures and fittings £
COST	
At 1 October 2019	33,358
Additions	2,203
Disposals	(8,750)
At 30 September 2020	26,811
DEPRECIATION	
At 1 October 2019	21,048
Charge for year	7,343
Eliminated on disposal	(8,750)
At 30 September 2020	19,641
NET BOOK VALUE	
At 30 September 2020	7,170
At 30 September 2019	12,310

7. **STOCKS**

	2020	2019
	£	£
Stocks	39,213	40,341
Work-in-progress	197,449	637,480
	236,662	677,821

8. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	1,351,838	1,086,107
Amounts owed by group undertakings	872,437	872,599
Other debtors	3,499	-
Directors' current accounts	-	2,212
Tax	10,349	402
Prepayments and accrued income	95,725	118,877
	2,333,848	2,080,197

Hallmark Kitchens Limited

Notes to the Financial Statements - continued
for the Year Ended 30 September 2020

8. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Lloyds Commercial Finance has a lien on all debtors, though they do not provide finance on retentions or anything older than 90 days - debtor value is £1,401,867.57

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Bank loans and overdrafts	496,654	318,848
Debenture loans	39,689	-
Trade creditors	1,278,306	1,839,984
Corporation tax	-	9,947
Social security and other tax	183,641	27,526
Pension Liability	3,689	-
VAT	31,868	59,940
Other creditors	14,973	12,643
Directors' current accounts	8,723	-
Accrued expenses	23,217	18,312
	<u>2,080,760</u>	<u>2,287,200</u>

10. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Bank loans - 1-2 years	9,586	-
Bank loans - 2-5 years	37,271	-
Other loans - 1-2 years	44,281	-
Other loans - 2-5 years	166,030	-
	<u>257,168</u>	<u>-</u>

11. **SECURED DEBTS**

Lloyds TSB Bank plc has a fixed and floating charge over all and future book debts, in the form of an all assets debenture.

12. **PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred tax	<u>1,362</u>	<u>1,591</u>
		Deferred tax
		£
Balance at 1 October 2019		1,591
Movement during year		<u>(229)</u>
Balance at 30 September 2020		<u>1,362</u>

Hallmark Kitchens Limited

Notes to the Financial Statements - continued
for the Year Ended 30 September 2020

12. **PROVISIONS FOR LIABILITIES - continued**

The provision for deferred taxation is made up of accelerated capital allowances.

13. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1,000	Ordinary Shares	£1	1,000	1,000

14. **RESERVES**

	Retained earnings £
At 1 October 2019:	773,165
Deficit for the year	(139,307)
Dividends	(123,000)
At 30 September 2020	510,858

15. **RELATED PARTY DISCLOSURES**

The company was under the control of Mr K Jennings a director and shareholder in the ultimate holding company H K Commercial Limited. The sum of £872,437.00 (2019: £852,597.00) remains due from the holding company. Dividend payment for the year is £123,000 (2019: £37,000).

During the year the company traded with Blagbrough Contracts Limited, a company incorporated on 31 May 2012, of which the group holds a 21% interest. The total purchases during the year were £126,339 (2019 - £110,211) with an outstanding balance included in trade creditors of Nil (2019: £73,546) owing to Blagbrough Contracts Limited at the year end.