

Company Registration No. 5739132 (England and Wales)

HATT KITCHENS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

HATT KITCHENS LIMITED

COMPANY INFORMATION

Directors	Mr D E Powell Mrs S McConville
Secretary	Mrs S McConville
Company number	5739132
Registered office	Unit 111 Hartlebury Trading Estate Hartlebury Worcestershire DY10 4JB
Auditor	CK Audit No 4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH

HATT KITCHENS LIMITED

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HATT KITCHENS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present the strategic report for the year ended 30 April 2021.

Fair review of the business

The principal activity of the group is the supply and fitting of kitchens and appliances

We aim to present a comprehensive and balanced view of the performance and development of the business and its position at the year end. The review is consistent with the size and complexity of the business.

Our main business markets are contract and retail. The contract market is 95% of the turnover with approximately 5% to retail customers through two showrooms. The contract market covers both house builders and high-rise developments.

The group has already secured orders for the next 12 months in excess of budgeted turnover. Continued investment in new plant and machinery, new premises and additional employees has secured our ability to continue with our existing growth strategy.

We consider that the key performance indicators which best illustrate the financial performance and strength of the business are earnings before interest, tax, depreciation and amortisation (EBITDA). During the year 2020 to 2021 we have seen the following indicators.

- Turnover increased £62k from the previous year despite the ongoing Covid19 disruption. Retail sales fell due to temporary closure of retail showrooms during COVID lockdown
- Gross margin fell to 26.6% from 29.9% leading to reduced profits due to supply chain issues, increased subcontractor costs and increased distribution costs.
- EBITDA for 2021 was 4.22% and in 2020 it was 5.12%.
- The balance sheet for the group strengthened with net current assets increasing from £658,112 in 2020 to £791,667 in 2021. Capital and reserves now stand at £1,949,589. This demonstrates that the financial position remains strong.

Principal risks and uncertainties

The directors have considered carefully the principal risks and uncertainties facing the group. Sales are dependent upon the confidence with the UK housing market. The company operates in a competitive market but with continued value-added services maintains strong relationships with customers. COVID 19, raw material costs/availability and distribution costs all present a risk to the business's profitability. We are mitigating these issues by having robust COVID procedures in place and holding additional stock at fixed prices. Distribution costs are now controlled by using our in-house team.

By order of the board

Mrs S McConville
Secretary

26 January 2022

HATT KITCHENS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

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

Principal activities

The principal activity of the company and group continued to be that of the manufacture and retail of kitchen units.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D E Powell
Mrs S McConville

Auditor

In accordance with the company's articles, a resolution proposing that CK Audit be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

By order of the board

Mrs S McConville
Secretary

26 January 2022

HATT KITCHENS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HATT KITCHENS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HATT KITCHENS LIMITED

Opinion

We have audited the financial statements of Hatt Kitchens Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 group's and parent 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. 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.

HATT KITCHENS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HATT KITCHENS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 parent 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.

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.

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company by discussion and enquiry with the directors and management team and our general knowledge and experience of the kitchen manufacturing industry.

We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, and health and safety legislation;

We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and, where relevant, reviewing correspondence with regulators.

HATT KITCHENS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HATT KITCHENS LIMITED

Audit response to risks identified

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included but were not limited to:

- Discussions with directors and management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Confirming our understanding of controls by performing a walk through test or observation and enquiry;
- Performing analytical procedures to identify any unusual or unexpected relationships;
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries;
- Reviewing unusual or unexpected transactions
- Agreeing the financial statement disclosures to underlying supporting documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

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.

Wendy Davies (Senior Statutory Auditor)
For and on behalf of CK Audit

26 January 2022

Chartered Accountants
Statutory Auditor

No 4 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RH

HATT KITCHENS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	2020 £
Turnover	3	10,940,055	10,877,334
Cost of sales		(8,015,076)	(7,646,330)
Gross profit		<u>2,924,979</u>	<u>3,231,004</u>
Distribution costs		(504,665)	(479,113)
Administrative expenses		(2,438,503)	(2,538,003)
Other operating income		142,773	96,564
Operating profit	4	<u>124,584</u>	<u>310,452</u>
Interest receivable and similar income	7	-	15,161
Interest payable and similar expenses	8	(39,136)	(26,179)
Amounts written off investments	9	-	(475)
Profit before taxation		<u>85,448</u>	<u>298,959</u>
Tax on profit	10	32,367	(62,001)
Profit for the financial year	25	<u><u>117,815</u></u>	<u><u>236,958</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

HATT KITCHENS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2021

	2021	2020
	£	£
Profit for the year	117,815	236,958
Other comprehensive income	-	-
Total comprehensive income for the year	<u>117,815</u>	<u>236,958</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

HATT KITCHENS LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12		1,809,100		1,814,010
Current assets					
Stocks	16	1,184,269		877,781	
Debtors	17	2,733,629		2,093,165	
Cash at bank and in hand		1,487		1,243	
		<u>3,919,385</u>		<u>2,972,189</u>	
Creditors: amounts falling due within one year	18	<u>(3,127,718)</u>		<u>(2,314,077)</u>	
Net current assets			791,667		658,112
Total assets less current liabilities			<u>2,600,767</u>		<u>2,472,122</u>
Creditors: amounts falling due after more than one year	19		(400,771)		(387,960)
Provisions for liabilities					
Deferred tax liability	22	<u>250,407</u>	(250,407)	<u>252,388</u>	(252,388)
Net assets			<u>1,949,589</u>		<u>1,831,774</u>
Capital and reserves					
Called up share capital	24		401,595		401,595
Profit and loss reserves	25		<u>1,157,994</u>		<u>1,040,179</u>
Equity attributable to owners of the parent company			1,559,589		1,441,774
Non-controlling interests			<u>390,000</u>		<u>390,000</u>
			<u>1,949,589</u>		<u>1,831,774</u>

The financial statements were approved by the board of directors and authorised for issue on 26 January 2022 and are signed on its behalf by:

Mrs S. McConville
Director

HATT KITCHENS LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	13		411,488		411,488
Current assets					
Debtors	17	999		1,559	
Cash at bank and in hand		862		74	
		1,861		1,633	
Creditors: amounts falling due within one year	18	(122,053)		(119,053)	
Net current liabilities			(120,192)		(117,420)
Total assets less current liabilities			291,296		294,068
Capital and reserves					
Called up share capital	24		401,595		401,595
Profit and loss reserves	25		(110,299)		(107,527)
Total equity			291,296		294,068

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,772 (2020 - £3,172 loss).

The financial statements were approved by the board of directors and authorised for issue on 26 January 2022 and are signed on its behalf by:

Mrs S. McConville
Director

Company Registration No.

HATT KITCHENS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

	Share capital	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	£	£	£	£	£
Balance at 1 May 2019	401,595	803,221	1,204,816	390,000	1,594,816
Year ended 30 April 2020:					
Profit and total comprehensive income for the year	-	236,958	236,958	-	236,958
Balance at 30 April 2020	401,595	1,040,179	1,441,774	390,000	1,831,774
Year ended 30 April 2021:					
Profit and total comprehensive income for the year	-	117,815	117,815	-	117,815
Balance at 30 April 2021	401,595	1,157,994	1,559,589	390,000	1,949,589

HATT KITCHENS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 May 2019	401,595	(104,355)	297,240
Year ended 30 April 2020:			
Loss and total comprehensive income for the year	-	(3,172)	(3,172)
Balance at 30 April 2020	401,595	(107,527)	294,068
Year ended 30 April 2021:			
Loss and total comprehensive income for the year	-	(2,772)	(2,772)
Balance at 30 April 2021	401,595	(110,299)	291,296

HATT KITCHENS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	29		(165,606)		592,701
Interest paid			(39,136)		(26,179)
Income taxes paid			(1)		(57,961)
Net cash (outflow)/inflow from operating activities			<u>(204,743)</u>		<u>508,561</u>
Investing activities					
Purchase of tangible fixed assets		(334,363)		(142,760)	
Proceeds on disposal of tangible fixed assets		29,000		14,000	
Other investment income received		-		15,161	
Net cash used in investing activities			<u>(305,363)</u>		<u>(113,599)</u>
Financing activities					
Repayment of bank loans		50,000		-	
Payment of finance leases obligations		(8,870)		(192,538)	
Net cash generated from/(used in) financing activities			<u>41,130</u>		<u>(192,538)</u>
Net (decrease)/increase in cash and cash equivalents			<u>(468,976)</u>		<u>202,424</u>
Cash and cash equivalents at beginning of year			(3,574)		(205,998)
Cash and cash equivalents at end of year			<u><u>(472,550)</u></u>		<u><u>(3,574)</u></u>
Relating to:					
Cash at bank and in hand			1,487		1,243
Bank overdrafts included in creditors payable within one year			<u><u>(474,037)</u></u>		<u><u>(4,817)</u></u>

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

Company information

Hatt Kitchens Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of Hatt Kitchens Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Hatt Kitchens Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 April 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	straight line over the lease term
Plant and equipment	10% straight line
Fixtures and fittings	10% straight line
Motor vehicles	10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recoverability of amounts due from contract customers

The directors have considered the recoverability of amounts due from contract customers. Where amounts represent current valuations the directors are satisfied that amounts will be settled promptly on presentation of an invoice. The directors review amounts outstanding relating to retentions and consider whether there are any issues on the contract which need to be resolved, whether any further costs need to be taken into account and the likelihood of amounts being recovered. Based on these reviews, the directors are satisfied with the recoverability of balances due from contract customers at the year end.

Impairment of trade receivables

A provision for doubtful trade receivables is set up when the likelihood of recovering the debt is diminished. The level of provision will be based on any current repayment plan entered into and which is being adhered to by the debtor, together with an estimate of the likelihood of the amounts due being fully recovered. The directors are satisfied that there is no impairment of trade receivables at the year end.

Inventory

Inventories are valued at the lower of cost and net realisation. Net realisation value includes where necessary, provisions for slow moving and obsolete stocks. The calculation of these provisions is made on a line by line basis based on a combination of the item's age and sales history. The adequacy of the provision is monitored with reference to the amounts realised when old stock is cleared.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Sales	10,940,055	10,877,334
	<u>10,940,055</u>	<u>10,877,334</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	10,940,055	10,877,334
	<u>10,940,055</u>	<u>10,877,334</u>

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Other significant revenue		
Grants received	142,773	96,564

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	1,817	(833)
Government grants	(142,773)	(96,564)
Depreciation of owned tangible fixed assets	192,440	157,887
Depreciation of tangible fixed assets held under finance leases	103,314	85,834
Loss on disposal of tangible fixed assets	14,519	25,323
Operating lease charges	339,390	251,444

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	1,500	1,500
Audit of the financial statements of the company's subsidiaries	8,100	8,100

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
86	82	-	-

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	1,903,326	1,913,161	-	-
Social security costs	147,018	142,088	-	-
Pension costs	133,226	118,050	-	-
	<u>2,183,570</u>	<u>2,173,299</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2021 £	2020 £
Income from fixed asset investments		
Income from participating interests - associates	-	15,161
	<u>-</u>	<u>15,161</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	3,766	100
Other finance costs:		
Interest on finance leases and hire purchase contracts	35,370	26,079
Total finance costs	<u>39,136</u>	<u>26,179</u>

9 Amounts written off investments

	2021 £	2020 £
Gain/(loss) on disposal of fixed asset investments	-	(475)
	<u>-</u>	<u>(475)</u>

10 Taxation

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	(31,346)	(8,535)
Deferred tax		
Origination and reversal of timing differences	(1,021)	70,536
Total tax (credit)/charge	<u>(32,367)</u>	<u>62,001</u>

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

10 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	85,448	298,959
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	16,235	56,802
Tax effect of expenses that are not deductible in determining taxable profit	385	-
Unutilised tax losses carried forward	(23,239)	-
Change in unrecognised deferred tax assets	527	-
Depreciation on assets not qualifying for tax allowances	6,203	6,279
Research and development tax credit	(31,518)	-
Under/(over) provided in prior years	-	41
Deferred tax adjustments in respect of prior years	(960)	(1,121)
Taxation (credit)/charge	(32,367)	62,001

11 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 May 2020 and 30 April 2021	55,000
Amortisation and impairment	
At 1 May 2020 and 30 April 2021	55,000
Carrying amount	
At 30 April 2021	-
At 30 April 2020	-
Company	Goodwill
	£
Cost	
At 1 May 2020 and 30 April 2021	55,000
Amortisation and impairment	
At 1 May 2020 and 30 April 2021	55,000

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

11 Intangible fixed assets (Continued)

Carrying amount

At 30 April 2021	-
At 30 April 2020	-

12 Tangible fixed assets

Group	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2020	232,555	2,746,362	602,486	196,863	3,778,266
Additions	-	315,209	5,164	13,990	334,363
Disposals	-	(105,905)	-	(19,459)	(125,364)
At 30 April 2021	232,555	2,955,666	607,650	191,394	3,987,265
Depreciation and impairment					
At 1 May 2020	154,239	1,339,116	403,987	66,914	1,964,256
Depreciation charged in the year	29,060	212,415	27,964	26,315	295,754
Eliminated in respect of disposals	-	(77,953)	-	(3,892)	(81,845)
At 30 April 2021	183,299	1,473,578	431,951	89,337	2,178,165
Carrying amount					
At 30 April 2021	49,256	1,482,088	175,699	102,057	1,809,100
At 30 April 2020	78,316	1,407,246	198,499	129,949	1,814,010

The company had no tangible fixed assets at 30 April 2021 or 30 April 2020.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and equipment	846,128	1,460,284	-	-
Motor vehicles	83,703	182,716	-	-
	929,831	1,643,000	-	-

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	411,488	411,488
Movements in fixed asset investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 May 2020 and 30 April 2021					411,488
Carrying amount					
At 30 April 2021					411,488
At 30 April 2020					411,488

14 Subsidiaries

Details of the company's subsidiaries at 30 April 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Pembar Limited	England & Wales	Ordinary	100.00	0

15 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,444,901	1,941,826	999	999
Carrying amount of financial liabilities				
Measured at amortised cost	3,471,626	2,670,919	122,053	119,053

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

16 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	522,658	444,664	-	-
Work in progress	46,676	75,488	-	-
Finished goods and goods for resale	614,935	357,629	-	-
	<u>1,184,269</u>	<u>877,781</u>	<u>-</u>	<u>-</u>

17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	2,417,353	1,842,023	-	-
Unpaid share capital	1,998	1,998	999	999
Corporation tax recoverable	38,359	7,972	-	-
Other debtors	182,004	163,299	-	560
Prepayments and accrued income	93,915	77,873	-	-
	<u>2,733,629</u>	<u>2,093,165</u>	<u>999</u>	<u>1,559</u>

18 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	484,037	4,817	-	-
Obligations under finance leases	21	205,160	186,841	-	-
Trade creditors		1,354,846	1,149,745	-	-
Amounts owed to group undertakings		-	-	16,061	13,061
Other taxation and social security		56,863	31,118	-	-
Other creditors		583,071	424,298	104,242	104,242
Accruals and deferred income		443,741	517,258	1,750	1,750
		<u>3,127,718</u>	<u>2,314,077</u>	<u>122,053</u>	<u>119,053</u>

The bank overdraft is secured by personal guarantees from CT Hatt and WEK Kane and cross guarantees with Belward Limited and Bristol Road Properties Limited who are both related parties.

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

19 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	40,000	-	-	-
Obligations under finance leases	21	360,771	387,960	-	-
		<u>400,771</u>	<u>387,960</u>	<u>-</u>	<u>-</u>

20 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	50,000	-	-	-
Bank overdrafts	474,037	4,817	-	-
	<u>524,037</u>	<u>4,817</u>	<u>-</u>	<u>-</u>
Payable within one year	484,037	4,817	-	-
Payable after one year	40,000	-	-	-
	<u>524,037</u>	<u>4,817</u>	<u>-</u>	<u>-</u>

21 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	205,160	188,825	-	-
In two to five years	360,771	385,976	-	-
	<u>565,931</u>	<u>574,801</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	273,646	252,388
Tax losses	(23,239)	-
	<u>250,407</u>	<u>252,388</u>
	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 May 2020	252,388	-
Credit to profit or loss	(1,981)	-
	<u>250,407</u>	<u>-</u>
Liability at 30 April 2021		

23 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	133,226	118,050
	<u></u>	<u></u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2021 £	2020 £
Ordinary share capital		
Issued and not fully paid		
401,000 'C' Ordinary non voting shares of £1 each	401,000	401,000
59,480 Ordinary £0.01 shares of 1p each	595	595
	<u>401,595</u>	<u>401,595</u>

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

24 Share capital

(Continued)

The Ordinary £0.01 shares have full voting rights; they do not confer any rights of redemption. Dividends are payable at the discretion of the directors. The shares rank behind 'C' redeemable shares on capital distribution (including on winding up).

The 'C' shares have no voting rights and are owned by Belward Limited, a related party. The shares are redeemable after a minimum period of 2 years from the date of issue. Shareholders have no rights to demand redemption. Dividends are at the discretion of the directors. The shares carry prior rights to capital distributions in the event of dissolution or sale.

25 Profit and loss reserves

	Group 2021 £	2020 £	Company 2021 £	2020 £
At the beginning of the year	1,040,179	803,221	(107,527)	(104,355)
Profit/(loss) for the year	117,815	236,958	(2,772)	(3,172)
At the end of the year	1,157,994	1,040,179	(110,299)	(107,527)

26 Financial commitments, guarantees and contingent liabilities

CT Hatt and WEK Kane have provided guarantees amounting to £50,000 (2020 - £50,000) in support of bank borrowings.

Belward Limited and Bristol Road Properties Limited have provided cross guarantees in support of the overdraft facility of £500,000 (2020 - £500,000).

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	265,640	264,533	-	-
Between two and five years	51,653	308,000	-	-
	317,293	572,533	-	-

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	198,143	194,137

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales		Purchases	
	2021 £	2020 £	2021 £	2020 £
Group				
Connected companies	92,309	163,939	454,994	404,781

	Directors remuneration	
	2021 £	2020 £
Group		
Connected companies	-	60,000

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due to related parties		
Group		
Connected companies	498,549	236,126

HATT KITCHENS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

29 Cash (absorbed by)/generated from group operations

	2021 £	2020 £
Profit for the year after tax	117,815	236,958
Adjustments for:		
Taxation (credited)/charged	(32,367)	62,001
Finance costs	39,136	26,179
Investment income	-	(15,161)
Loss on disposal of tangible fixed assets	14,519	25,323
Depreciation and impairment of tangible fixed assets	295,754	243,721
(Gain)/loss on sale of investments	-	475
Movements in working capital:		
Increase in stocks	(306,488)	(159,560)
(Increase)/decrease in debtors	(610,077)	432,655
Increase/(decrease) in creditors	316,102	(259,890)
Cash (absorbed by)/generated from operations	(165,606)	592,701

30 Analysis of changes in net debt - group

	1 May 2020 £	Cash flows £	30 April 2021 £
Cash at bank and in hand	1,243	244	1,487
Bank overdrafts	(4,817)	(469,220)	(474,037)
	(3,574)	(468,976)	(472,550)
Borrowings excluding overdrafts	-	(50,000)	(50,000)
Obligations under finance leases	(574,801)	8,870	(565,931)
	(578,375)	(510,106)	(1,088,481)

31 Analysis of changes in net funds - company

	1 May 2020 £	Cash flows £	30 April 2021 £
Cash at bank and in hand	74	788	862

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