Registered number: 00406069

HUGHES ELECTRICAL LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

HUGHES ELECTRICAL LIMITED

COMPANY INFORMATION

Directors	R J Hughes L Lawford J Hughes (appointed 1 February 2021) P Hughes (appointed 1 February 2021) C W Thornton M Wardell (appointed 1 February 2021) D N Whitehead (appointed 1 February 2021)
Company secretary	C W Thornton
Registered number	00406069
Registered office	Mobbs Way Gorleston Road Industrial Estate Gorleston Road Lowestoft Suffolk NR32 3AL
Independent auditors	Larking Gowen LLP Chartered Accountants & Statutory Auditors King Street House 15 Upper King Street Norwich NR3 1RB
Bankers	Barclays Bank Plc Mortlock House Station Road Histon Cambridge CB24 9DE
Solicitors	Howes Percival LLP Flint Buildings 1 Bedding Lane Norwich NR3 1RG

HUGHES ELECTRICAL LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The Directors present their Strategic report for the year ended 31 March 2021.

Business review

The Group's multi-channel strategy was developed to improve resilience to market shocks and Covid has been the ultimate test of that strategy. The 20/21 financial year began under lockdown with all shops shut as they were classified non-essential. The closure of hospitality and large reduction in use of student accommodation also caused a significant drop in sales through the Group's Trade divisions. However, income from the rental of appliances proved resilient while online sales doubled as consumers forced to isolate or work from home prioritised their spending on that home.

Prior to this financial year, the Group had been following a strategy to reduce debt taken on in 2018 for the acquisition of Armstrong's. The uncertainty caused by the pandemic and Brexit added to the urgency to reduce this debt. As a result, the Directors took the decision during the first lockdown to permanently close 5 trading locations with a total loss of 90 posts across the Group. All these sites added more to costs than revenues some of which was transferred to neighbouring operations. 2 properties were sold for a combined £0.63m which represented book value and 2 properties were sub-let at minimal cost. No dividends were paid to the shareholders of the parent company and all senior staff took a pay cut to show solidarity with furloughed colleagues. The Group also used the following Government support initiatives:

- Deferred a VAT payment due March 20 until March 21 which has now been fully repaid
- Utilised the furlough scheme largely with respect to the shops closed as classified non-essential.
- Gained rates relief from these temporarily closed shops.
- Took out a £2m CLBIL loan which has £1.2m outstanding at December 21.

Sales recovered once the stores were re-opened in summer though this proved temporary as they were shut again during the all-important Black Friday promotion and once more for the entire last quarter of the financial year. Throughout this period, web sales remained strong allowing the Group to keep ahead of previous year's turnover and provide confidence to build stocks up ahead of the Brexit transition in December 20. In the event, there was little disruption to the supply chain though the Directors took the decision to maintain the £3m to £4m higher stock levels throughout 2021 to limit the impact of anticipated price rises and chip-related stock shortages.

At the peak of the first lockdown, 55% of staff were furloughed. The Coronavirus Job Retention Scheme provided the Directors with the confidence to retain all the remaining trading locations after the first lockdown with the reduction in average head count of 66 people relating entirely to those earlier closures. The Scheme also provided funds to pay for the increased cost of safely serving customers in their houses and in the re-opened stores while protecting staff in shops, warehouses and service centres. The Directors acknowledge the important work done by the service operation who supplied and repaired equipment in houses throughout the pandemic without which people would have endured a far harsher lockdown.

Business review (continued)

The Group has always taken its environmental responsibilities seriously having led the way 15 years ago in establishing a recycling centre for all packaging waste (cardboard, wood, plastics and metals) not retained by customers. The business emphasis on rental also adds to a products life and ensures that once a rental unit is beyond economic repair, it is not sent to landfill but to an authorised recycling centre. During the financial year, the Group's energy consumption reduced by 38% but the Directors recognise that much of this saving was due to the forced closure of shops. However, the Group has used this opportunity to introduce and progress the following policies:

- Update all light fittings with LED equivalents by the end of 21/22
- Replace all end of contract diesel company cars with electric equivalent
- Install roof mounted solar panels in selected warehouses such that the biggest 3 are self-sufficient for electricity by the end of 21/22 and generate electricity to power the electric car and eventually commercial van fleet.
- Increase the carrying capacity of the commercial fleet to allow a reduction in their number and introduce electric vans as soon as practicably possible.

Over the financial year, Group bank debt less cash equivalents reduced by £1.5m to £7.6m. The bank debt is secured by general debentures and first charges over specific freehold and leasehold property. Trading uncertainties meant that the Directors prioritised liquidity and maintained a minimum headroom between total facilities available and what was drawn down of £4.6m from June 20 onwards. These facilities totalling £13.7m were renewed in May 21 with £7.3m of term loans not due to expire before August 2024. The Directors anticipate maintaining a similar facility headroom for the 21/22 financial year.

During the year, the Group made payments of £1.15m to the defined benefit pension scheme which closed to new members in 1999 and future accruals in 2006. Despite these contributions and a strong investment return, the deficit only improved by £0.34m as a lowering of the discount rate and rise in the projected inflation rate caused a £4.3m worsening of the actuarial assumptions underpinning the valuation. However, the Directors note that this does represent progress with the deficit as measured by FRS102 being the lowest since 2007. The Company has committed to continue the deficit payments of £1.15m until March 2026 at which point the scheme is forecast to be fully funded on this basis.

Over the 20/21 financial year, Group income grew by 9.5% to £134.4m which reversed the declines of the 2 previous years. Growth in online sales made up for the reduction in shop-based sales though its lower margin impacted on gross profit which fell 4.4% to £31.8m. The permanent closure of 5 sites, the temporary closure of 31 stores and the resulting Government support meant that overheads fell 10.0% to £28.6m. As a result, operating profit grew by 2.9% of turnover to £7.1m with profit after tax and other comprehensive income growing to £5.1m. As no dividend was paid, this facilitated a rise in Group net assets to £33.1m.

The 21/22 financial year began with stores closed but consumers have continued to prioritise spending in lockdown on their house and doing so through online channels. Corporate spending has bounced back quicker than first anticipated allowing the Groups trade divisions to return to pre-Covid income levels. As a result, the Directors expect the Group to continue its income growth though recognise that some of this is from cost price rises and will be absorbed by higher internal overheads. However, the Directors remain confident that the resilience built into the Group's business model will cope with these issues and other Covid related uncertainties.

Principal risks and uncertainties

The Directors believe that the following represent the principal risks and uncertainties faced by the Group and have detailed action that can and would be taken to mitigate the effect.

- Further lockdowns resulting in prolonged closure of non-essential retail – During the last 2 lockdowns, the shops were able to mitigate half the lost sales through increased local web sales, click and collect sales and in-bound telephone sales. Growth in non-local web sales more than made up for the remaining lost shop sales while trade and rental income all remained unaffected. As a result, the Group generated more cash from trading and proved that it is resilient to further lockdowns.

- Post pandemic job losses, a fall in real disposable income or a rise in interest rates resulting in a collapse in consumer discretionary spending – Almost half of Group income comes from rental income or business sales so is less dependent on consumer sentiment. Indeed, history shows that any fall in disposable income will not prevent a customer from wanting or needing an electrical product leading to more choosing to rent one instead giving more growth in this higher margin channel.

- Supply bottle-necks caused by chip shortages or Covid related inefficiencies causes a fall in stock availability and loss of sales - The Group has traded in close partnership with its key suppliers for most of its 100 year history and is well respected both by them and the wider industry. This should help secure enough stock to keep the higher margin activities going while rental income will provide sufficient liquidity to the Group. It is worth noting that the Group has held £3.5m more stock on average over the last 15 months than pre-Covid despite these supply chain problems.

- Sterling collapse causing stock replenishment costs to rise – The Group buys 95% of its stock in sterling from suppliers who typically hedge for up to a year at which point their ranges are replaced with new models. Previous sterling falls such as that experienced after the referendum have resulted in very little short-term price movement but an uplift in new range pricing the following year. These higher list prices apply to the whole market and given the low industry margins are passed onto the consumer. Where the Group is the importer, half of the expected euro and dollar requirements for the following 6 months have typically been forward ordered providing a measure of protection.

- Deterioration in the pension fund deficit due to falling bond yields or collapse in global equity markets – A substantial fall in yields has already occurred in the last decade leaving annuity rates trading at an all-time low but this increase in the scheme liabilities has been mostly met by a rise in investment return so part of the risk has already occurred without detrimental effect. The investments are actively managed by global experts with a risk adverse mandate so it is hoped that this will limit downside risks to the investment portfolio. Currently all interest rate and inflation risk has been hedged so any movement in either will be balanced by an equivalent movement in the asset value further limiting risk. The overall deficit on FRS102 is at its lowest since 2007 while on technical provisions basis it is the lowest as a % of liabilities since 1999.

- More sales move online at expense of high street business with the result that some existing stores become unprofitable – The Directors frequently review store profitability and are aware of locations most at threat. The Group has closed 15 stores in the last decade without a significant impact on profitability. Most stores are owned outright which means there is no lease to dispose so minimising the cost of closure and releasing capital when the freehold is sold. The omni-channel strategy pursued by the Directors should also mitigate some of the market risk by encouraging online customers to come in store for a demonstration. Growth in click and collect and a strong web presence via hughes.co.uk also mitigates the effects as these channels should both improve if this risk materialises.

Principal risks and uncertainties (continued)

- Difficulties in attracting and retaining staff impact on operational efficiencies and profitability – The Directors recognise that the pandemic has caused people to re-evaluate their work-life balance and has brought about the "Great Resignation" as they seek more suitable careers. The Group has witnessed this trend and experienced an increase in staff turn in recent months. However, staff retention has been historically strong and the Group is currently improving benefits and conditions to improve things further. Unfulfilled vacancies peaked at 4% of total headcount and currently stand at 3% so are manageable.

- Fire at warehouse or loss of IT services significantly impairs operational efficiency – An emergency plan has been written in the event of this risk and is implementable at very short notice. IT services are outsourced with data held at three independent locations so minimising the risk associated with computer failure while a telephone and data network has been installed allowing call centres to be set up at short notice in any location. This was demonstrated at the start of lockdown where call-centre staff were immediately able to work remotely. The Group owns a number of warehouses and has strong relationship with other third party logistics companies which would allow capacity to switch to other locations in event of a fire at the main warehouse.

- Tighter credit conditions are brought about by either a repeat of the banking crisis, loss of trade credit insurance, a rise in interest rates or loss of support from existing debt provider – The Group has re-negotiated its term loans and as of December 21 has a total borrowing facility of £12.5m and the collateral to borrow more if needed. The Group has very strong contractual cash flow due to its large rental base and this channel can be quickly used to generate free cash by slowing or ceasing investment. The Group is cash productive on an on going basis and has established a supportive relationship with the major trade credit insurers used by its suppliers. The Directors are confident that should this support change, they could use the strong relationship that the Group has with its suppliers or its strong cash flow to mitigate the situation.

- Manufacturers dis-intermediate retailers by using the internet to directly reach consumers – This situation already exists as nearly all our suppliers will sell direct via their web site but with the exception of Apple, none will sell direct via stores. The Directors believe that consumers want to see, hear and touch home electrical appliances before they buy them as they must live with this purchase for many years. This is particularly true of new technology which will have very few consumer reviews. As a result, suppliers would need to establish a shop portfolio which would be expensive and outside their area of competence. The Group and most other electrical retailers would also cease to use such a supplier so lowering the threat of dis-intermediation. The Group is not dependent on any one supplier in any category allowing alternative suppliers to be used or found at short notice.

Financial key performance indicators

The Directors believe that the following financial key performance indicators best communicate the financial position of the Group.

	2020/21	**2019/20**
Change in Gross Profit	-4.4%	-10.0%
Change in On-going Operating Profit	+145.9%	+84.4%
Change in Net Asset Value	+17.5%	+1.9%
Change in Net Assets exc Pension Liability	+£4,586k	+£563k

Other key performance indicators

The Group ceased using the net promoter score methodology of accessing customer satisfaction at the start of the first lockdown as it prioritised more critical customer services. This performance indicator was subsequently replaced in October 2020 with a Customer Experience Survey which consists of a text message asking every customer for a Yes or No response to the question "would you be happy to shop with us or use our services again". The result was:

- Texts Sent 65,606
- Response 9547 – 14.6%
- Yes Response 9047 - 94.8%

The Group will continue this text based survey so will have a comparative in 21/22. The following measures of customer satisfaction also show consistency in the provision of good quality customer service.

	2020/21	2019/20
Amazon Customer Satisfaction Survey	91%	93%
Ebay Customer Satisfaction Survey	99.3%	99.3%
Trust pilot	4.6 out of 5	4.6 out of 5
Google	4.6 out of 5	4.7 out of 5
Reevo – Would Buy Again	97%	98%

Section 172(1) statement and our stakeholders

We report here on how our Directors have performed their duty under Section 172 of the Companies Act 2006 and sets out a series of matters to which the Directors must have regard in performing their duty to promote the success of the Group for the benefit of its shareholders, which includes having regard to other stakeholders.

The Board considers it crucial that the Group maintains a reputation for the highest standards of business conduct and is responsible for setting, reviewing and upholding the culture, values, standards, ethics and reputation of the Group to ensure our obligations to key stakeholders are met. By using the core values of our family business, we seek to sustain and develop strong, stable, profitable partnerships with all our customers, employees and suppliers by providing outstanding innovative services and products.

During the year, the Directors consider that they have at all times acted in a way, and have made decisions that would most likely promote the success of the Group and for the benefit of its members as a whole, and in making those decisions have had particular regard to;

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

The Board's engagement with who it regards as its key stakeholder groups is summarised as follows;

Our people: we have a range of mechanisms whereby we engage with and seek feedback with all our employees and we want to work hand in hand with them to ensure the Group is an inspiring place to work.

Our customers: we regularly engage with all our customers across a range of touchpoints such as shops, trade counters, over the phone and online and we frequently make contact by email where they elect this means of communication.

Our suppliers: we have high levels of engagement with all our suppliers, but particularly our key brand partners like Samsung, Sony, LG, Panasonic, Bosch Siemens, the Whirlpool Group, Miele and Alliance with whom we have constant dialogue to ensure we are representing the brands to the best of our ability and meeting all requirements and standards.

Our shareholders: many of our shareholders work in the Business and so are closely engaged with the Group's day to day operations. We ensure that we keep all our other shareholders regularly updated on developments.

Our community and environment: we engage with our community in a wide variety of ways such as giving talks and involvement with a number of local charities. We encourage our people to take part in local events such as litter picking and have sponsored a number of community activities such as fun runs. We have a range of initiatives and policies to minimise our impact on the environment including those aimed at reducing energy consumption, travel and the use of resources.

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

R J Hughes
Director
Date: 20 December 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their report and the financial statements for the year ended 31 March 2021.

Principal activities

The principal activities of the Group are the rental and retail of consumer and commercial electrical products through high street and out of town stores, and over the internet under the Hughes and WASCHO brands.

Directors

The Directors who served during the year were:

R J Hughes
L Lawford
A B D Pallant (resigned 31 December 2020)
J Hughes (appointed 1 February 2021)
P Hughes (appointed 1 February 2021)
C W Thornton
M Wardell (appointed 1 February 2021)
D N Whitehead (appointed 1 February 2021)

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £5,181,349 *(2020 - £2,149,938)*.

The Directors recommended payment of dividends of £Nil *(2020 - £772,408)* during the year.

Directors' responsibilities statement

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Group 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 for the Group's financial statements 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Environmental matters

The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

Engagement with employees

Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and are of interest and concern to them as employees.

Disabled employees

It is the Board's policy to employ disabled persons whenever suitable vacancies arise, and provide for such staff the appropriate level of training and career progression within the Group.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption for the year are:

UK Greenhouse gas emissions and energy use data	**March 2021**	***March 2020***
Energy consumption used to calculate emissions (kWh)	7,215,199	*10,583,754*
Energy consumption break down (kWh)		
Grid-Supplied Electricity	2,225,908	*3,176,894*
Gaseous and other fuels	321,980	*696,178*
Transportation	4,667,311	*6,710,682*
Scope 1 emissions in metric tonnes CO2e		
Gaseous and other fuels	59.2	*128*
Transportation	1,105.58	*1,615*
Scope 2 emissions in metric tonnes CO2e		
Grid-Supplied Electricity	518.95	*812*
Total gross emissions in metric tonnes CO2e	1,684	*2,555*
Full time equivalents (FTE)	759	*867*
Intensity ratio Tonnes CO2e per FTE	2.22	*2.947*

Reporting methodology

Scope 1 and 2 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published emissions factors relevant for reporting year.

Estimations were undertaken to cover missing billing periods for properties. This was calculated on a kWh/day pro-rata basis at meter level. This approach equates to 3% of reported consumption.

Greenhouse gas emissions, energy consumption and energy efficiency action (continued)

Energy efficiency improvements
The Group have made efforts to improve their operational energy efficiency and reduce carbon emissions in recent years.

LED lighting upgrades:
Hughes have introduced a policy of replacing all failed lighting with LED fittings. This policy is on top of an LED replacement program which is being introduced across the stores. Investment has already been made in sufficient fittings for use across the group and gradually working through an installation program which is expected to be completed in 2021/22.

Electric company vehicles and fleet:
In the current year eleven diesel cars have been replaced with fully electric replacements. A new policy has been introduced to ensure that all cars ordered from April 2022 will be electric vehicles. Hughes Electrical are also reducing the size of the LCV fleet by moving to slightly larger vans that wil be more versatile and will reduce their overall carbon footprint.

Electric vehicle chargers:
In order to make the above policy in relation to electric vehicles more realistic and achievable, Hughes Electrical have rolled out a number of new EV charging points to multiple of their sites, with another 24 to be installed in 2021/22.

Solar panel installation:
Hughes Electrical have installed solar panels across a range of their sites. The group are aiming to become self-sufficient with a 6 year ROI for three of their sites; 3 Fison Way, 22 Fison Way and Felixstowe Road.

Intensity measurement
The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full time equivalent (FTE) source, the recommended ratio for the sector.

Qualifying third party indemnity provisions

Qualifying third party indemnity insurance provision was in place for the benefit of all the directors of the Group.

Matters covered in the strategic report

Financial risk management objectives and policies, information and exposure on price risk, credit risk, liquidity risk & cash flow risk, future developments and the Directors' section 172(1) statement are discussed in detail within the Strategic Report.

Auditors

The auditors, Larking Gowen LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

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

R J Hughes
Director

Date: 20 December 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUGHES ELECTRICAL LIMITED

Opinion

We have audited the financial statements of Hughes Electrical Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Income statement, the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUGHES ELECTRICAL LIMITED (CONTINUED)

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 or the 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 Auditors' 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.

Opinion 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUGHES ELECTRICAL LIMITED (CONTINUED)

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 Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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 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 Group's and 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 Group 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:

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); anti-bribery and corruption; compliance with dealer terms and compliance with accounting standards, taxation legislation, FCA regulations and the UK Companies Act. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management and those charged with governance of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of matters arising from a review of the Company's board minutes;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to stock provisions; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUGHES ELECTRICAL LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Larking Gowen LLP

Anders Rasmussen FCA (Senior statutory auditor)

for and on behalf of
Larking Gowen LLP

Chartered Accountants
Statutory Auditors

King Street House
15 Upper King Street
Norwich
NR3 1RB

Date: 20 December 2021

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	**134,432,893**	*122,741,600*
Cost of sales		**(102,595,407)**	*(89,421,430)*
Gross profit		**31,837,486**	*33,320,170*
Distribution costs		**(14,541,571)**	*(15,668,017)*
Administrative expenses		**(14,065,094)**	*(16,263,518)*
Other operating income	5	**3,890,820**	*1,507,102*
Operating profit	6	**7,121,641**	*2,895,737*
Interest payable and similar expenses	10	**(331,853)**	*(544,527)*
Other finance costs	11	**(135,000)**	*(128,000)*
Profit before tax		**6,654,788**	*2,223,210*
Tax on profit	12	**(1,511,710)**	*(192,459)*
Profit for the financial year		**5,143,078**	*2,030,751*
Profit for the year attributable to:			
Non-controlling interests		**(38,271)**	*(119,187)*
Owners of the parent		**5,181,349**	*2,149,938*
		5,143,078	*2,030,751*

The notes on pages 29 to 66 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Profit for the financial year	**5,143,078**	*2,030,751*
Other comprehensive income		
Unrealised surplus on revaluation of tangible fixed assets	**710,170**	-
Actuarial loss on defined benefit schemes	**(820,000)**	*(1,168,000)*
Movement on deferred tax relating to pension loss/(gain)	**155,800**	*426,420*
Movement on deferred tax relating to revaluation of tangible fixed assets	**(203,400)**	-
Other comprehensive income for the year	**(157,430)**	*(741,580)*
Total comprehensive income for the year	**4,985,648**	*1,289,171*
Profit for the year attributable to:		
Non-controlling interest	**(38,271)**	*(119,187)*
Owners of the parent Company	**5,023,919**	*1,408,358*
	4,985,648	*1,289,171*

The notes on pages 29 to 66 form part of these financial statements.

HUGHES ELECTRICAL LIMITED
REGISTERED NUMBER: 00406069

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	14		**4,715,417**		*5,121,417*
Tangible assets	15		**33,647,392**		*34,186,190*
Investments	16		**20**		*20*
Investment property	17		**140,000**		*140,000*
			38,502,829		*39,447,627*
Current assets					
Fixed assets held for sale		**466,475**		*466,475*	
Stocks	19	**19,607,372**		*15,925,123*	
Debtors: amounts falling due after more than one year	20	**1,078,820**		*1,143,420*	
Debtors: amounts falling due within one year	20	**13,387,925**		*11,685,484*	
Cash at bank and in hand	21	**1,462,849**		*1,776,184*	
		36,003,441		*30,996,686*	
Creditors: amounts falling due within one year	22	**(32,253,708)**		*(31,344,716)*	
Net current assets/(liabilities)			**3,749,733**		*(348,030)*
Total assets less current liabilities			**42,252,562**		*39,099,597*
Creditors: amounts falling due after more than one year	23		**(2,595,727)**		*(4,443,304)*
Provisions for liabilities					
Deferred taxation	25	**(203,400)**		-	
Other provisions	26	**(659,496)**		*(448,075)*	
			(862,896)		*(448,075)*
Net assets excluding pension liability			**38,793,939**		*34,208,218*
Pension liability			**(5,678,000)**		*(6,018,000)*
Net assets			**33,115,939**		*28,190,218*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	27	**64,094**	*63,994*
Revaluation reserve	28	**4,756,055**	*3,659,870*
Capital redemption reserve	28	**36,006**	*36,006*
Profit and loss account	28	**27,510,943**	*23,583,209*
Equity attributable to owners of the parent Company		**32,367,098**	*27,343,079*
Non-controlling interests		**748,841**	*847,139*
		33,115,939	*28,190,218*

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

R J Hughes
Director

Date: 20 December 2021

The notes on pages 29 to 66 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	14		**1,301,382**		*1,065,656*
Tangible assets	15		**15,199,827**		*14,338,461*
Investments	16		**7,966,263**		*7,966,263*
Investment property	17		**140,000**		*140,000*
			24,607,472		*23,510,380*
Current assets					
Fixed assets held for sale		**466,475**		*466,475*	
Debtors: amounts falling due after more than one year	20	**1,078,820**		*1,143,420*	
Debtors: amounts falling due within one year	20	**15,037,369**		*8,821,479*	
Cash at bank and in hand	21	**5,574**		*108*	
		16,588,238		*10,431,482*	
Creditors: amounts falling due within one year	22	**(11,140,534)**		*(8,651,893)*	
Net current assets			**5,447,704**		*1,779,589*
Total assets less current liabilities			**30,055,176**		*25,289,969*
Provisions for liabilities					
Deferred taxation	25	**(271,640)**		-	
Other provisions	26	**(659,496)**		*(448,075)*	
			(931,136)		*(448,075)*
Net assets excluding pension liability			**29,124,040**		*24,841,894*
Pension liability			**(5,678,000)**		*(6,018,000)*
Net assets			**23,446,040**		*18,823,894*

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
Capital and reserves					
Called up share capital	27		**64,094**		*63,994*
Revaluation reserve	28		**4,675,399**		*3,579,214*
Capital redemption reserve	28		**36,006**		*36,006*
Profit and loss account brought forward		**15,144,680**		*12,632,582*	
Profit for the year		**4,779,476**		*3,748,859*	
Other changes in the profit and loss account		**(1,253,615)**		*(1,236,761)*	
Profit and loss account carried forward			**18,670,541**		*15,144,680*
			23,446,040		*18,823,894*

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

R J Hughes
Director

Date: 20 December 2021

The notes on pages 29 to 66 form part of these financial statements.

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

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Non-controlling interests	Total equity
	£	£	£	£	£	£
At 1 April 2020	63,994	36,006	3,659,870	23,583,209	847,139	28,190,218
Profit for the year	-	-	-	5,181,349	(38,271)	5,143,078
Actuarial losses on pension scheme, net of deferred tax	-	-	-	(664,200)	-	(664,200)
Surplus on revaluation of freehold property	-	-	710,170	-	-	710,170
Deferred tax on revaluation reserve	-	-	(203,400)	-	-	(203,400)
Shares issued during the year	100	-	-	-	-	100
Transfer to/(from) profit and loss account	-	-	589,415	(589,415)	-	-
Dividends paid	-	-	-	-	(60,027)	(60,027)
At 31 March 2021	64,094	36,006	4,756,055	27,510,943	748,841	33,115,939

The notes on pages 29 to 66 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Non-controlling interests	Total equity
	£	£	£	£	£	£
At 1 April 2019	63,994	36,006	3,937,097	22,670,032	966,326	27,673,455
Profit for the year	-	-	-	2,149,938	(119,187)	2,030,751
Actuarial losses on pension scheme, net of deferred tax	-	-	-	(741,580)	-	(741,580)
Dividends: Equity capital	-	-	-	(772,408)	-	(772,408)
Transfer to/(from) profit and loss account	-	-	(277,227)	277,227	-	-
At 31 March 2020	63,994	36,006	3,659,870	23,583,209	847,139	28,190,218

The notes on pages 29 to 66 form part of these financial statements.

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

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2020	63,994	36,006	3,579,214	15,144,680	18,823,894
Profit for the year	-	-	-	4,779,476	4,779,476
Actuarial losses on pension scheme, net of deferred tax	-	-	-	(664,200)	(664,200)
Surplus on revaluation of freehold property	-	-	710,170	-	710,170
Deferred tax on revaluation reserve	-	-	(203,400)	-	(203,400)
Shares issued during the year	100	-	-	-	100
Transfer to/from profit and loss account	-	-	589,415	(589,415)	-
At 31 March 2021	64,094	36,006	4,675,399	18,670,541	23,446,040

The notes on pages 29 to 66 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2019	**63,994**	**36,006**	**3,856,441**	**12,632,582**	**16,589,023**
Profit for the year	-	-	-	**3,748,859**	**3,748,859**
Actuarial losses on pension scheme, net of deferred tax	-	-	-	**(741,580)**	**(741,580)**
Dividends: Equity capital	-	-	-	**(772,408)**	**(772,408)**
Transfer to/from profit and loss account	-	-	**(277,227)**	**277,227**	-
At 31 March 2020	**63,994**	**36,006**	**3,579,214**	**15,144,680**	**18,823,894**

The notes on pages 29 to 66 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	**5,143,078**	*2,030,751*
Adjustments for:		
Amortisation of intangible assets	**1,017,350**	*941,341*
Depreciation of tangible assets	**7,800,306**	*8,175,394*
(Profit)/Loss on disposal of tangible assets	**(259,281)**	*61,341*
Interest paid	**466,853**	*544,527*
Taxation charge	**1,511,710**	*192,459*
(Increase)/decrease in stocks	**(3,682,249)**	*(129,892)*
(Increase)/decrease in debtors	**(1,637,841)**	*320,517*
Increase/(decrease) in creditors	**3,886,487**	*904,823*
Increase/(decrease) in provisions	**211,421**	*(674,656)*
Increase/(decrease) in net pension liabilities	**(340,000)**	*228,000*
Corporation tax paid	**(514,918)**	*(576,177)*
Pension contribution	**(1,150,000)**	*(1,350,000)*
Profit on sale of fixed assets held for sale	-	*(97,736)*
Net cash generated from operating activities	**12,452,916**	*10,570,692*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(611,350)**	*(559,726)*
Purchase of tangible fixed assets	**(9,143,626)**	*(9,950,863)*
Sale of tangible fixed assets	**2,872,609**	*2,036,240*
Monies received on fixed assets held for sale	-	*2,289,890*
Net cash from investing activities	**(6,882,367)**	*(6,184,459)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from financing activities		
Issue of ordinary shares	**100**	-
New secured loans	**5,060,000**	-
Repayment of loans	**(3,572,257)**	*(918,204)*
Repayment of other loans	**(13,582)**	*(13,051)*
Movements on invoice discounting	**(3,607,587)**	*(1,135,159)*
Dividends paid	**-**	*(772,408)*
Interest paid	**(466,853)**	*(544,527)*
Dividends paid to non-controlling interests	**(60,027)**	-
Net cash used in financing activities	**(2,660,206)**	*(3,383,349)*
Net increase in cash and cash equivalents	**2,910,343**	*1,002,884*
Cash and cash equivalents at beginning of year	**(1,844,374)**	*(2,847,258)*
Cash and cash equivalents at the end of year	**1,065,969**	*(1,844,374)*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,462,849**	*1,776,184*
Bank overdrafts	**(396,880)**	*(3,620,558)*
	1,065,969	*(1,844,374)*

The notes on pages 29 to 66 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2021

	At 1 April 2020 £	Cash flows £	Other non-cash changes £	At 31 March 2021 £
Cash at bank and in hand	1,776,184	(313,335)	-	1,462,849
Bank overdrafts	(3,620,558)	3,223,678	-	(396,880)
Debt due after 1 year	(190,515)	-	15,995	(174,520)
Debt due within 1 year	(7,231,256)	(1,474,161)	(15,995)	(8,721,412)
Advances from invoices	(2,071,996)	2,071,996	-	-
Stock discounting	(1,535,591)	1,535,591	-	-
	(12,873,732)	5,043,769	-	(7,829,963)

The notes on pages 29 to 66 form part of these financial statements.

1. General information

Hughes Electrical Limited is a private company, incorporated in England, limited by shares, registration number 00406069. The registered office is Mobbs Way, Gorleston Road Industrial Estate, Gorleston Road, Lowestoft, Suffolk, NR32 3AL.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements are presented in Sterling, which is the functional currency of the Group, and rounded to the nearest £1.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

The subsidiary James Armstrong Holdings Limited (registered number 07866098) has claimed exemption from audit under the provisions of section 479A of the Companies Act 2006. Hughes Electrical Limited has provided a parental guarantee over that subsidiary's liabilities under section 479C of the Act.

The subsidiary Solent Laundry Solutions (Holding) Limited (registered number 11487513) has claimed exemption from audit under the provisions of section 479A of the Companies Act 2006. Hughes Electrical Limited has provided a parental guarantee over that subsidiary's liabilities under section 479C of the Act.

The subsidiary Solent Laundry Solutions Limited (registered number 07172990) has claimed exemption from audit under the provisions of section 479A of the Companies Act 2006. Hughes Electrical Limited has provided a parental guarantee over that subsidiary's liabilities under section 479C of the Act.

The subsidiary Dial-A-TV (Rentals) Limited (registered number 07104275) has claimed exemption from audit under the provisions of section 479A of the Companies Act 2006. Hughes Electrical Limited has provided a parental guarantee over that subsidiary's liabilities under section 479C of the Act.

The subsidiary Bennetts Retail Trading Limited (registered number 07492422) has claimed exemption from audit under the provisions of section 479A of the Companies Act 2006. Hughes Electrical Limited has provided a parental guarantee over that subsidiary's liabilities under section 479C of the Act.

2. Accounting policies (continued)

2.3 Turnover

Turnover comprises sales of goods and services excluding sales taxes. The following accounting policies are applied to the principal turnover generating activities in which the Group is engaged:

- Turnover from the sale of goods is recognised at the point of sale or, where later, upon delivery to the customer and is stated net of returns;

- Turnover from provision of products through rental agreements are classified as operating leases at the inception of the agreement as the majority of the risks and rewards of the goods remain within the Group. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The Group accounts for its turnover on an accruals basis for all rental agreements taking credit for all monthly installments that have fallen due, but not for installments which will fall due in the future under contracts in existence at the Statement of financial position date. An appropriate provision is made against unpaid accounts which have fallen due where it is believed that they may not be receivable.

- Turnover earned from the sale of customer support agreements is recognised over the term of the contracts when the Group obtains the right to consideration as a result of performance of its contractual obligations. Turnover in any one year is recognised by reference to the stage of completion of the contractual terms at the Statement of financial position date. The stage of completion is estimated with reference to the proportion of the expected costs of fulfilling the Group's total obligations under the agreements, determined by reference to extensive historical claims data. Reliance on historical data assumes that current and future experience will follow past trends. The directors make an annual assessment of this data to ensure this continues to reflect the best estimate of expected future trends;

- Turnover arising on services (including delivery and installation, product repairs and product support), is recognised when the relevant services are provided.

Income received from suppliers such as volume rebates

The Group's agreements with suppliers contain a price for units purchased as well as other rebates and discounts which are summarised below:

- Volume Rebates: This income is linked to purchases made from suppliers and is recognised as a reduction to cost of goods sold as inventory is sold. Amounts are only recognised where the Group has a clear entitlement to the receipt of the rebate and a reliable estimate can be made.

- Discounts: This income is received from suppliers on a price per unit basis. The level of estimation is minimal as amounts are recognised as a reduction to cost of goods sold based on the agreement terms and only once the item is sold. Supplier funding amounts that have been recognised and not invoiced are shown within accrued income in the Statement of financial position.

2. Accounting policies (continued)

2.4 Going concern

The Group is involved in the rental and retail of both consumer and commercial electrical products through high street and out of town stores, and over the internet under the brands Hughes Electrical, Hughes Trade, Hughes Smart, Dial-A-TV (Rentals), Washco, Hughes Rental and Solent Laundry Solutions.

The Group funds its working capital through a combination of bank overdraft, two bank loans (one ordinary bank loan and one CBILS loan) and invoice discounting (not drawn on at 31 March 2021). The bank loan of £7,200,000 as at 31 March 2020 was due within 12 months of the balance sheet date. This has now been refinanced by means of a bank loan and CBILS loan (total liability of £8.7 million as at 31 March 2021). Although the bank loan was due in less than one year at the year end, it was subsequently negotiated to become repayable over a three-year period. The group's net debt has reduced by approximately £5 million during the year (see consolidated cash flow statement), helped by above-budgeted profits, including government Covid support receipts of close to £3 million. The above factors have enabled the previously held stock-discounting facility to be repaid and caused the group's debt maturity profile to be more readily serviceable.

As part of their going concern assessment, the directors have considered the Group and Company's position at the time of signing the financial statements, in particular regarding the effects of the Covid-19 pandemic and its potential impact on the Group and the wider economy. A large part of the Group's business is made up of on-line sales and asset rentals and both have traded strongly and generated cash across the period since the initial lockdown in March 2020. The directors are therefore confident in the Group's ability to withstand any further developments with regards to Covid which may impact the UK economy. Similarly, the directors have undertaken an assessment of the possible impact of Brexit and they have taken steps to mitigate this where possible.

The directors have prepared revised forecasts to March 2024, taking into consideration reasonable assumptions around expected trading performance, profitability and cash flows arising from the different parts of the Group's business. These forecasts indicate that the Group has headroom within its working capital facilities across the period and that due to a number of steps taken during the pandemic as detailed in the strategic report, should be able to withstand any short-term shocks or downturns in trade which might arise as a result of the pandemic.

Based on this, the directors have concluded that they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of signing these financial statements. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 March 2021.

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated income statement over its useful economic life.

Other intangible assets

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

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

2.6 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Long-term leasehold property	- over lease period
Short-term leasehold property	- over lease period
Plant and machinery	- 20 - 33.3% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 12.5 - 20% straight line
Office equipment	- 16.7% straight line
Rental assets	- 20 - 50% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2. Accounting policies (continued)

2.9 Operating leases: the Group as lessee

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

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

2.10 Investment property

Investment properties are measured at fair value annually with any change recognised in the Income statement. Fair value is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided.

This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the Company and Group.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in the Consolidated income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.12 Stocks

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

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

2.13 Debtors

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

2. Accounting policies (continued)

2.14 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Financial instruments

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

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

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

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

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

2.16 Creditors

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

2. Accounting policies (continued)

2.17 Government grants

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

Grants of a revenue nature are recognised in the Consolidated income statement in the same period as the related expenditure.

2.18 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.19 Finance costs

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

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Accounting policies (continued)

2.21 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

2.22 Pensions

Group defined benefit pension plan

The Group to which the Company belongs operates a defined benefits pension plan. As part of the plan, there is no stated policy that requires the net defined benefit cost to be measured by any individual entity. As such, the entire net defined benefit cost is recognised in the individual financial statements of the parent company Hughes Electrical Limited, as that entity is legally responsible for the management of the plan.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2. Accounting policies (continued)

2.22 Pensions (continued)

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.23 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.24 Borrowing costs

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

2.25 Provisions for liabilities

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

Provisions are charged as an expense to Consolidated income statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2. Accounting policies (continued)

2.26 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these have been made include:

Defined benefit pension plan

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the UK.

The change in pension liabilities recognised in relation to GMP equalisation involves estimation uncertainty. It is expected that there will be further court hearings to further clarify the application of GMP equalisation in practice. Whilst the financial statements reflect the best estimate of the impact on pension liabilities reflecting the information currently available, that estimate reflects several assumptions. The Directors will continue to monitor any further clarifications or court hearings arising from the Lloyds Banking Group case and consider the impact on pension liabilities accordingly.

Property valuations

The Group carries its freehold, long-term leasehold and investment property at fair value, with changes being recognised in the Statement of comprehensive income. The valuation of the Group's properties is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future revenues from that particular property. As a result, the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate.

Inventory and rental asset impairment

The Group sells and hires out consumer and commercial electrical products and is subject to consumer demands and trends. As a result it is necessary to consider the recoverability of the cost of inventory or rental asset and the associated impairment required. When calculating the impairment, management considers the nature and condition of the inventory item/rental asset, as well as applying assumptions around anticipated saleability of goods and future usage.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Provisions

The Group has recognised provisions for post year-end credit notes and returns in respect of turnover, dilapidations and onerous leases in its financial statements which require management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sales	**105,953,580**	*94,650,005*
Equipment rental income	**27,640,950**	*25,705,555*
Other income	**838,363**	*2,386,040*
	134,432,893	*122,741,600*

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	**134,432,893**	*122,741,600*

5. Other operating income

	2021 £	2020 £
Other operating income	**112,782**	*112,468*
Net rents receivable	**124,533**	*102,158*
Government grants receivable	**3,323,181**	*597,778*
Sundry income	**10,766**	-
Commissions receivable	**319,558**	*694,698*
	3,890,820	*1,507,102*

Government grants receivable were in respect of amounts receivable under the Coronavirus Job Retention Scheme and the Coronavirus Retail, Hospitality and Leisure Grant Fund.

6. Operating profit

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

	2021 £	2020 £
Amortisation of intangible fixed assets	**1,017,350**	*941,341*
Depreciation of tangible fixed assets	**7,800,306**	*8,175,394*
(Profit)/Loss on disposal of tangible fixed assets	**(259,281)**	*61,341*
Profit on sale of fixed assets held for sale	**-**	*(97,736)*
Exchange differences	**(156,716)**	*162,594*
Other operating lease rentals	**1,798,191**	*2,909,564*

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**47,760**	*50,960*

Fees payable to the Group's auditor and its associates in respect of:

	2021	2020
Taxation compliance services	**8,110**	*8,410*
All other non-audit services	**11,960**	*36,620*
	20,070	*45,030*

8. Employees

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

	Group 2021 £	Group 2020 £
Wages and salaries	**18,707,915**	*20,949,350*
Social security costs	**1,714,183**	*1,923,272*
Cost of defined benefit scheme	**97,000**	*100,000*
Cost of defined contribution scheme	**1,141,430**	*1,326,474*
	21,660,528	*24,299,096*

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

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Service department	**353**	*402*	-	-
Shops including installations	**363**	*369*	-	-
Stores and maintenance	**54**	*53*	-	-
Administration	**68**	*80*	59	*67*
	838	*904*	59	*67*

The average number of employees on a full time equivalent basis, including the directors, during the year was 798 *(2020 - 867).*

During the financial year, the total remuneration paid to key management personnel by the group was £1,113,156 *(2020 - £1,106,130).*

9. Directors' remuneration

	2021 £	*2020* £
Directors' emoluments	**267,004**	*399,976*
Company contributions to defined contribution pension schemes	**57,341**	*50,944*
	324,345	*450,920*

During the year retirement benefits were accruing to 4 Directors *(2020 - 2)* in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £97,765 *(2020 - £174,694)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL *(2020 - £19,583)*.

10. Interest payable and similar expenses

	2021 £	*2020* £
Bank interest payable	**185,840**	*341,327*
Other loan interest payable	**146,013**	*203,200*
	331,853	*544,527*

11. Other finance costs

	2021 £	*2020* £
Net interest on net defined benefit liability	**135,000**	*128,000*

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	**1,001,587**	*18,814*
Adjustments in respect of previous periods	**44,683**	*(94,587)*
	1,046,270	*(75,773)*
Total current tax	**1,046,270**	*(75,773)*
Deferred tax		
Origination and reversal of timing differences	**526,435**	*164,248*
Adjustments in respect of previous periods	**(60,995)**	*103,984*
Total deferred tax	**465,440**	*268,232*
Taxation on profit on ordinary activities	**1,511,710**	*192,459*

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2021	*2020*
	£	*£*
Profit on ordinary activities before tax	**6,654,788**	*2,223,210*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**1,264,410**	*422,410*
Effects of:		
Expenses not deductible for tax purposes	**12,985**	*26,337*
Utilisation/(recognition) of tax losses	**130,100**	*(239,836)*
Adjustments to tax charge in respect of prior periods	**(16,312)**	*9,397*
Other timing differences leading to an increase in taxation	**344,632**	*84,381*
Non-taxable income	**(5,605)**	*(13,820)*
Adjustment for pension contributions paid	**(218,500)**	*(256,500)*
Adjustment of opening and closing deferred tax to average rate	-	*160,761*
Other differences leading to an increase (decrease) in the tax charge	-	*(671)*
Total tax charge for the year	**1,511,710**	*192,459*

Factors that may affect future tax charges

For the current year, current tax and deferred tax charge is 19%.

On 24 May 2021 the Finance Bill 2021 was substantively enacted in which the main rate of corporation tax will be 25% from 1 April 2023. This will affect the deferred tax rate from the year ended 31 March 2022 and the current tax rate from the year ended 31 March 2024.

13. Dividends

	2021	*2020*
	£	*£*
Dividends paid on equity capital	-	*772,408*

14. Intangible assets

Group

	Trademarks £	Website & Computer software £	Goodwill £	Total £
Cost				
At 1 April 2020	26,395	1,543,662	5,981,786	7,551,843
Additions	-	611,350	-	611,350
At 31 March 2021	26,395	2,155,012	5,981,786	8,163,193
Amortisation				
At 1 April 2020	-	505,023	1,925,403	2,430,426
Charge for the year	-	375,624	641,726	1,017,350
At 31 March 2021	-	880,647	2,567,129	3,447,776
Net book value				
At 31 March 2021	26,395	1,274,365	3,414,657	4,715,417
At 31 March 2020	*26,395*	*1,038,639*	*4,056,383*	*5,121,417*

14. Intangible assets (continued)

Company

	Trademarks £	Website & Computer software £	Goodwill £	Total £
Cost				
At 1 April 2020	26,395	1,483,615	453,500	1,963,510
Additions	-	611,350	-	611,350
At 31 March 2021	26,395	2,094,965	453,500	2,574,860
Amortisation				
At 1 April 2020	-	444,354	453,500	897,854
Charge for the year	-	375,624	-	375,624
At 31 March 2021	-	819,978	453,500	1,273,478
Net book value				
At 31 March 2021	26,395	1,274,987	-	1,301,382
At 31 March 2020	*26,395*	*1,039,261*	*-*	*1,065,656*

15. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £
Cost or valuation					
At 1 April 2020	13,319,672	600,000	1,612,405	2,542,609	38,067
Additions	1,008,263	-	31,059	50,721	-
Disposals	(603,563)	-	-	(107,920)	(15,038)
Revaluations	253,649	(45,000)	-	-	-
At 31 March 2021	13,978,021	555,000	1,643,464	2,485,410	23,029
Depreciation					
At 1 April 2020	346,256	24,000	398,248	2,397,892	33,324
Charge for the year	177,310	12,000	155,881	64,611	3,558
Disposals	(22,816)	-	-	(107,920)	(15,038)
On revalued assets	(486,561)	(36,000)	-	-	-
At 31 March 2021	14,189	-	554,129	2,354,583	21,844
Net book value					
At 31 March 2021	13,963,832	555,000	1,089,335	130,827	1,185
At 31 March 2020	*12,973,416*	*576,000*	*1,214,157*	*144,717*	*4,743*

15. Tangible fixed assets (continued)

	Fixtures and fittings £	Rental assets £	Total £
Cost or valuation			
At 1 April 2020	**4,215,055**	**40,235,282**	**62,563,090**
Additions	**85,431**	**7,968,152**	**9,143,626**
Disposals	**-**	**(7,765,532)**	**(8,492,053)**
Revaluations	**-**	**-**	**208,649**
At 31 March 2021	**4,300,486**	**40,437,902**	**63,423,312**
Depreciation			
At 1 April 2020	**3,102,857**	**22,074,323**	**28,376,900**
Charge for the year	**354,548**	**7,032,398**	**7,800,306**
Disposals	**-**	**(5,732,951)**	**(5,878,725)**
On revalued assets	**-**	**-**	**(522,561)**
At 31 March 2021	**3,457,405**	**23,373,770**	**29,775,920**
Net book value			
At 31 March 2021	**843,081**	**17,064,132**	**33,647,392**
At 31 March 2020	*1,112,198*	*18,160,959*	*34,186,190*

Freehold and Long-term leasehold property were revalued in the year ended 31 March 2021 by external valuer Savills in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation - Global Standards incorporating the IVSC International Valuation Standards (the "RICS Red Book") issued November 2019 and effective from 31 January 2020 and the RICS Valuation Global Standards - UK national supplement issued 14 November 2018 and effective from 14 January 2019, together the "RICS Red Book". The directors have considered the valuation in the current year with assistance from RICS qualified third parties.

15. Tangible fixed assets (continued)

Company

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation						
At 1 April 2020	12,919,672	600,000	1,464,017	1,529,161	221,297	16,734,147
Additions	1,008,263	-	31,059	44,721	-	1,084,043
Disposals	(603,563)	-	-	-	-	(603,563)
Revaluations	253,649	(45,000)	-	-	-	208,649
At 31 March 2021	13,578,021	555,000	1,495,076	1,573,882	221,297	17,423,276
Depreciation						
At 1 April 2020	338,364	24,000	388,043	1,487,053	158,226	2,395,686
Charge for the year	171,109	12,000	141,111	28,301	20,619	373,140
Disposals	(22,816)	-	-	-	-	(22,816)
On revalued assets	(486,561)	(36,000)	-	-	-	(522,561)
At 31 March 2021	96	-	529,154	1,515,354	178,845	2,223,449
Net book value						
At 31 March 2021	13,577,925	555,000	965,922	58,528	42,452	15,199,827
At 31 March 2020	*12,581,308*	*576,000*	*1,075,974*	*42,108*	*63,071*	*14,338,461*

Freehold and Long-term leasehold property were revalued in the year ended 31 March 2021 by external valuer Savills in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation - Global Standards incorporating the IVSC International Valuation Standards (the "RICS Red Book") issued November 2019 and effective from 31 January 2020 and the RICS Valuation Global Standards - UK national supplement issued 14 November 2018 and effective from 14 January 2019, together the "RICS Red Book". The directors have considered the valuation in the current year with assistance from RICS qualified third parties.

16. Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 April 2020	**62,498**
At 31 March 2021	**62,498**
Impairment	
At 1 April 2020	**62,478**
At 31 March 2021	**62,478**
Net book value	
At 31 March 2021	**20**
At 31 March 2020	*20*

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost			
At 1 April 2020	**7,966,243**	**62,498**	**8,028,741**
At 31 March 2021	**7,966,243**	**62,498**	**8,028,741**
Impairment			
At 1 April 2020	-	**62,478**	**62,478**
At 31 March 2021	-	**62,478**	**62,478**
Net book value			
At 31 March 2021	**7,966,243**	**20**	**7,966,263**
At 31 March 2020	*7,966,243*	*20*	*7,966,263*

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Hughes TV & Audio Limited	As per parent company	Retail sales and renting of electrical household appliances and goods	Ordinary	100%
Dial-A-TV (Rentals) Limited	As per parent company	Renting and leasing of electrical household appliances and goods	Ordinary	100%
James Armstrong Holdings Limited	As per parent company	Dormant Holding Company	Ordinary	76.1%
Washco Limited*	As per parent company	Wholesale, rental and repair of laundry appliances and goods	Ordinary	76.1%
Solent Laundry Solutions (Holdings) Limited*	As per parent company	Dormant Holding Company	Ordinary	76.1%
Solent Laundry Solutions Limited*	As per parent company	Wholesale, rental and repair of laundry appliances and goods	Ordinary	76.1%
Bennetts Retail Trading Limited	As per parent company	Dormant	Ordinary	100%
Dial-A-TV Limited	As per parent company	Dormant	Ordinary	100%
Hughes Rental Limited	As per parent company	Dormant	Ordinary	100%

*indirect subsidiary undertaking

17. Investment property

Group and Company

	Freehold investment property £
Valuation	
At 1 April 2020	**140,000**
At 31 March 2021	**140,000**

The 2021 valuations were made by the Directors, on an open market value for existing use basis.

The comparable cost of investment properties at 31 March 2021 is £21,281 *(2020 - £21,281)*.

18. Fixed assets held for sale

Assets held for sale consists of one property available for sale at the year end. The value of the property included within the balance sheet as at 31 March 2021 is £466,475 *(2020 - £466,475).*

19. Stocks

	Group 2021 £	*Group 2020 £*
Spare parts and consumables	**393,539**	*106,041*
Finished goods and goods for resale	**19,213,833**	*15,819,082*
	19,607,372	*15,925,123*

The carrying value of stocks are stated net of impairment losses totaling £945,046 *(2020 - £681,199).* Impairment losses totaling £404,035 *(2020 - £14,018)* and reversal of impairment losses totaling £Nil (*2020* - £54,487) were recognised in profit and loss.

20. Debtors

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Due after more than one year				
Deferred tax asset	**1,078,820**	*1,143,420*	**1,078,820**	*1,143,420*

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Due within one year				
Trade debtors	**5,506,129**	*5,348,591*	-	-
Amounts owed by group undertakings	-	-	**14,316,007**	*7,895,154*
Other debtors	**4,433,664**	*3,545,978*	**183,791**	*316,683*
Prepayments and accrued income	**2,262,224**	*1,359,967*	**537,571**	*590,785*
Deferred taxation	**1,185,908**	*1,430,948*	-	*18,857*
	13,387,925	*11,685,484*	**15,037,369**	*8,821,479*

The carrying value of trade debtors is stated net of impairment losses totalling £1,866,697 *(2020 - £1,440,580).* Impairment losses totalling £426,117 (*2020* - £646,427) was recognised in profit and loss.

21. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	1,462,849	1,776,184	5,574	108
Less: bank overdrafts	(396,880)	(3,620,558)	(76,530)	(4,847)
	1,065,969	(1,844,374)	(70,956)	(4,739)

22. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	396,880	3,620,558	76,530	4,847
Bank loans	8,707,830	7,218,204	8,703,333	7,200,000
Other loans	13,582	13,052	-	-
Payments received on account	1,701,675	1,410,085	-	-
Trade creditors	11,864,999	8,703,372	436,986	500,169
Amounts owed to group undertakings	-	-	-	125,825
Corporation tax	556,895	24,863	191,897	24,863
Other taxation and social security	3,947,011	2,755,052	69,762	21,975
Proceeds of factored debts	-	3,607,587	-	-
Other creditors	1,427,452	1,640,312	61,676	44,809
Accruals and deferred income	3,637,384	2,351,631	1,600,350	729,405
	32,253,708	31,344,716	11,140,534	8,651,893

The bank loans and overdraft are secured by the following securities:

1. Unlimited Composite Accounting System Guarantees between Hughes Electrical Limited, Hughes TV and Audio Limited, Dial-A-TV (Rentals) Limited, James Armstrong Holdings Limited, Washco Limited and Bennetts Retail Trading Limited.

2. Debentures from Hughes Electrical Limited and Hughes TV and Audio Limited dated 4 April 2001.

3. First Legal charges over various freehold and leasehold properties of the Company.

Proceeds of invoice and stock discounting are secured against the underlying assets to which they relate.

23. Creditors: Amounts falling due after more than one year

	Group 2021 £	*Group 2020 £*
Bank loans	-	*1,883*
Other loans	**174,520**	*188,632*
Other creditors	**515,912**	*775,142*
Accruals and deferred income	**1,905,295**	*3,477,647*
	2,595,727	*4,443,304*

24. Loans

The bank loans and overdraft are secured by the following securities:

1. Unlimited Composite Accounting System Guarantees between Hughes Electrical Limited, Hughes TV and Audio Limited, Dial-A-TV (Rentals) Limited, James Armstrong Holdings Limited, Washco Limited and Bennetts Retail Trading Limited.

2. Debentures from Hughes Electrical Limited and Hughes TV and Audio Limited dated 4 April 2001.

3. First Legal charges over various freehold and leasehold properties of the Company.

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Amounts falling due within one year				
Bank loans	**8,707,830**	*7,218,204*	**8,703,333**	*7,200,000*
Other loans	**13,582**	*13,052*	-	-
Amounts falling due 1-2 years				
Bank loans	-	*1,883*	-	-
Other loans	**174,520**	*188,632*	-	-
	8,895,932	*7,421,771*	**8,703,333**	*7,200,000*

25. Deferred taxation

Group

	2021 £	*2020 £*
At beginning of year	**2,574,368**	*2,416,180*
(Credited)/charged to profit or loss	**(465,440)**	*(268,232)*
Charged/(credited) to other comprehensive income	**(47,600)**	*426,420*
At end of year	**2,061,328**	*2,574,368*

Company

	2021 £	*2020 £*
At beginning of year	**1,162,277**	*1,096,745*
(Credited)/charged to profit or loss	**(307,497)**	*(360,888)*
Charged/(credited) to other comprehensive income	**(47,600)**	*426,420*
At end of year	**807,180**	*1,162,277*

The deferred tax balance is made up as follows:

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Decelerated capital allowances	**1,308,866**	*1,437,850*	**68,762**	*155,859*
Short term timing differences	**14,044**	-	-	-
Capital gains	**(340,402)**	*(137,002)*	**(340,402)**	*(137,002)*
Pension deficit	**1,078,820**	*1,143,420*	**1,078,820**	*1,143,420*
Losses carried forward	-	*130,100*	-	-
	2,061,328	*2,574,368*	**807,180**	*1,162,277*
Comprising:				
Asset - due after one year	**1,078,820**	*1,143,420*	**1,078,820**	*1,143,420*
Asset - due within one year	**1,185,908**	*1,430,948*	-	*18,857*
Liability	**(203,400)**	-	**(271,640)**	-
	2,061,328	*2,574,368*	**807,180**	*1,162,277*

26. Provisions

Group

	Property provisions £
At 1 April 2020	**448,075**
Charged to profit or loss	**211,421**
At 31 March 2021	**659,496**

As part of the lease agreements for the premises in which the Group and company operates, there is an obligation to make good the properties at the end of the agreement. As such, the Group and company has included a provision for the estimated costs in relation to these lease obligations. The provision was utilised in the year ending 31 March 2021.

The provision relates to leased properties which have been vacated. Under the terms of the leases there is a continuing obligation to make rental and other payments. As such, the Group and company has included a provision for the remaining lease costs under the terms of the leases.

27. Share capital

	2021 £	*2020 £*
Allotted, called up and fully paid		
64,094 *(2020 - 63,994)* Ordinary shares of £1.00 each	**64,094**	*63,994*

100 ordinary shares were allotted in the year with a total nominal value of £100. Consideration of £100 was received in respect of this class of shares.

28. Reserves

Revaluation reserve

The revaluation reserve includes all current and prior year period gains and losses on property fair values.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

29. Pension commitments

The Group operates a defined contributions pension scheme, which is part of a master Trust. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,141,430 *(2020 - £1,326,474)*. Contributions totaling £15,446 *(2020 - £13,579)* were payable to the fund at the balance sheet date and are included in creditors.

The Group operates a Defined benefit pension scheme.

The assets of the scheme are held separately from those of the Group in an independently administered fund. This was closed to new employees commencing on or after 1 November 1999. Members benefits have ceased accruing and no further employee contributions were made after 30 June 2006.

During the year the Hughes Electrical Personal Retirement Scheme closed down and the pension scheme assets and liabilities were migrated to a Master Trust. The Group is part of a multi-company defined benefit scheme. However the Group's assets and liabilities are separately identifiable from other entities assets and liabilities within the master Trust pension scheme.

The scheme is subject to independent valuation by a professionally qualified actuary at least every three years, on the basis of which the actuary certifies the rate of employer's contributions. These, together with proceeds from the scheme's assets, are expected to be sufficient to fund the benefits payable under the scheme. The most recent full actuarial valuation of the scheme was prepared as at 31 March 2019 by Deloitte Pensions Services Limited.

The Group makes annual contributions to the scheme in line with the actuary's recommendations and is in active dialogue with the Scheme's trustees to try and reduce this deficit.

The Group has adopted FRS102, Section 28 Employee benefits, and recognises the position of the scheme at the balance sheet date. The Actuarial valuation for FRS102 purposes as at 31 March 2021 performed by Deloitte Total Reward and Benefits Limited is based upon projected results on the last formal Scheme Funding Assessment carried out as at 1 April 2019 (undertaken by Deloitte Pensions Services Limited), and assumes that there have been no changes to the scheme assets.

The results of the 31 March 2021 assessment were as follows:

Reconciliation of present value of plan liabilities:

	2021 £	*2020* *£*
Reconciliation of present value of plan liabilities		
At the beginning of the year	**44,113,000**	*44,298,000*
Interest cost	**1,065,000**	*1,048,000*
Actuarial gains/losses	**4,559,000**	*38,000*
Benefits paid	**(1,320,000)**	*(1,271,000)*
Past service cost	**6,000**	*-*
Gain/loss on settlement or curtailment	**(475,000)**	*-*
At the end of the year	**47,948,000**	*44,113,000*

29. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2021 £	2020 £
At the beginning of the year	38,095,000	38,326,000
Current service cost	(91,000)	(100,000)
Interest income	930,000	920,000
Actuarial gains/losses	3,739,000	(1,130,000)
Contributions	1,150,000	1,350,000
Benefits paid	(1,320,000)	(1,271,000)
Gain/loss on settlement or curtailment	(233,000)	-
At the end of the year	42,270,000	38,095,000

Composition of plan assets:

	2021 £	2020 £
Pooled investment vehicles	40,565,000	36,143,000
Bonds	-	88,000
Property	1,105,000	1,105,000
Private equity holdings	174,000	174,000
Trustees' bank balance	426,000	585,000
Total plan assets	42,270,000	38,095,000

	2021 £	2020 £
Fair value of plan assets	42,270,000	38,095,000
Present value of plan liabilities	(47,948,000)	(44,113,000)
Net pension scheme liability	(5,678,000)	(6,018,000)

The amounts recognised in profit or loss are as follows:

	2021 £	2020 £
Current service cost	(91,000)	(100,000)
Interest on obligation	(135,000)	(128,000)
Past service cost	(6,000)	-

29. Pension commitments (continued)

Gains on curtailments and settlements	**242,000**	-
Total	**10,000**	*(228,000)*

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £820,000 loss *(2020 - £11,393,000 loss)*.

The Group expects to contribute £1,150,000 to its Defined benefit pension scheme in 2022.

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2021	*2020*
	%	*%*
Discount rate	**2.15**	*2.45*
Future pension increases	**2.15 - 3.35**	*1.70 - 3.20*
Inflation assumption	**2.50 - 3.30**	*1.80 - 2.60*
Mortality rates		
- for a male aged 65 now	**21.8**	*21.7*
- at 65 for a male aged 45 now	**23.1**	*23.1*
- for a female aged 65 now	**24.1**	*24.0*
- at 65 for a female member aged 45 now	**25.6**	*25.5*

30. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Not later than 1 year	**3,330,242**	*3,698,533*	**1,730,933**	*1,777,426*
Later than 1 year and not later than 5 years	**7,661,987**	*8,957,199*	**5,243,481**	*5,607,296*
Later than 5 years	**4,980,000**	*5,974,458*	**3,989,292**	*4,723,250*
	15,972,229	*18,630,190*	**10,963,706**	*12,107,972*

At 31 March 2021 the Group was due to receive future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Not later than 1 year	**3,754,022**	*3,651,944*	**82,333**	*109,173*
Later than 1 year and not later than 5 years	**3,257,984**	*1,600,467*	**133,500**	*182,500*
Later than 5 years	**2,137,097**	*1,067,794*	**-**	*-*
	9,149,103	*6,320,205*	**215,833**	*291,673*

31. Transactions with directors

Group and Company

During the financial reporting period the Group provided advancements of £5,225 (*2020 - £55,225*) to directors of subsidiary companies.

At the financial reporting date the Group was due £10,451 (*2020 - £60,451*) from directors of subsidiary companies. The Group and Company was also owed £6,100 (*2020 - £262*) from directors of the group. No interest is charged on the loans and the whole balance is considered repayable on demand.

At the financial report date the Group and Company owed £69 (*2020 - £Nil*) to directors of the group. No interest is charged on the loan and the whole balance is considered repayable on demand.

32. Contingent liabilities

Group

On 26 October 2018, the High Court issued a judgement involving the Lloyds Banking Group defined benefit pension schemes. The judgement concluded that the schemes should equalise pension benefits for men and women in relation to guaranteed minimum pension ('GMP') benefits. The judgement has implications for many defined benefit schemes, including the Hughes Electrical Limited Group defined benefit pension scheme. Based on advice from the Group's actuarial advisors the directors recorded a £698k pre-tax exceptional expense in the 2019 accounts to reflect their best estimate of the effect on the Group's reported pension liabilities. In common with many other schemes, the trustees of the Hughes scheme are still working with their advisors to establish the exact quantum of liability. In addition, a new ruling by the High Court, issued on 20 November 2020, means that Trustees of defined benefit schemes must also now revisit and equalise GMP for historic transfers where they were not equalised. This may produce further adjustments to the liability for the Hughes Group which the directors are as yet unable to quantify, but do not believe will be material to the Group.

Company

The Company has a cross guarantee for the bank borrowings of the other group companies up to the level of the overdraft and loans. As at the year end the bank overdrafts of other group companies guaranteed, excluding positive cash balances, amounted to £401,377 *(2020 - £3,615,711).*

The Company has given a cross guarantee for the VAT liability of other group companies. As at the year end the VAT liability guaranteed amounted to £1,461,744 *(2020 - £1,857,157).*

33. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 section 33 not to disclose tranactions between wholly owned members of the group.

During the reporting period the Company received interest income of £176,436 *(2020 - £194,188)*, recharged expenses of £4,972 *(2020 - £Nil)* from fellow group companies.

During the year the Group incurred £560,000 *(2020 - £40,000)* of expenses relating to annual rent and onerous lease provision to a connected pension scheme.

During the year the Group received income of £153,186 *(2020 - £Nil)* from connected entities.

All transactions were made on an 'open market' basis.

At the financial reporting date the Company was due £6,057,646 *(2020 - £6,580,386)* from a fellow group company. The balance is considered repayable on demand and interest is charged at open market rate. The balance was considered repayable on demand and no interest was charged.

At the financial reporting date the Company owed £Nil *(2020 - £12,682)* to fellow group companies. The balance is considered repayable on demand and no interest is charged.

At the financial reporting date the Group was due £183,823 (*2020 - £nil*) from connected entities.

34. Controlling party

There is no ultimate controlling party of Hughes Electrical Limited by virtue of multiple ordinary share capital holders.