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Harder Bros (Holdings) Limited

Registered number: 10624876

Annual report and consolidated financial statements

For the year ended 31 March 2019

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HARDER BROS (HOLDINGS) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | J C Harder P M Sharp |
| Registered number | 10624876 |
| Registered office | Valley Mills Valley Road Morley Leeds LS27 8EX |
| Trading Address | Valley Mills Valley Road Morley Leeds West Yorkshire LS27 8EX |
| Bankers | Svenska Handelsbanken AB (publ) Fifth Floor 3 The Embankment Sovereign Street Leeds West Yorkshire LS1 4BJ |
| Solicitors | Blacks Solicitors Second Floor City Point 29 King Street Leeds West Yorkshire LS1 2HL |

HARDER BROS (HOLDINGS) LIMITED

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HARDER BROS (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors present their Strategic Report for the year ended 31 March 2019.

The principle activity of the Group continues to be the manufacture of natural sausage casings and edible co-products.

Business review

The performance of the Group during the year has continued to make steady progress in a very competitive and challenging section of the meat industry. The core business of sheep and pork casing sales to sausage manufacturers in the UK has grown steadily while maintaining our trade with regular overseas clients. In a challenging market we are pleased to have increased turnover by 1.5% to £28.0m (2018: £27.6m).

Our Statement of Financial Position remains strong with the net asset value of the Group increasing by £270k to £5.8m. The working capital of the Group remains strong albeit a small reduction in net current assets by £126k to £4.6m.

The directors look forward to the coming year with optimism with the opportunities being pursued by the company. The Group remains totally focussed on protecting margins, on improving efficiencies and reducing costs, increasing operational output through better planning and investment, delivering consistently high quality products to both established and new markets and established and new customers.

Principal risks and uncertainties

As part of the meat industry, the company is exposed to ever changing habits in consumer tastes and other commercial or environmental influences on our abattoir suppliers. Financial uncertainty particularly relating to market prices have been exacerbated by the recent instability of currency fluctuations particularly affected by the continuing uncertainty surrounding Brexit. The Group has aimed to mitigate these risks by developing a wider customer base in the UK, reinforcing our dedication to legal and ethical food manufacturing standards required to deal with high profile suppliers and customers. Also, by trading in both Sterling and Euro currencies on the export market, we have reduced our vulnerability to exchange rate fluctuations.

Operational risk

The Group has solid reporting systems and produces timely and accurate management information which is regularly reviewed by the Directors.

Price risk

The Group is exposed to pressure on prices resulting from current market conditions but continues to improve efficiencies by better processes and improved control.

Liquidity risk

The Group's policy has been to ensure continuity of liquidity through the efficient collection of debtors and remaining cash generative in the work that it does.

Employee risk

The Group is reliant on its employees to a large extent. It secures the continued contribution of its employees by employing them all direct.

HARDER BROS (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Risks arising from Britain exiting the European Union

The terms on which the United Kingdom may leave the European Union are not known and accordingly there is a risk that trade and movement of our workforce across international borders may be negatively impacted. The significant majority of the customer base of the Group is within the United Kingdom and mainland Europe. The Group has operations on mainland Europe and these operations will be able to maintain significant supplies. The Group is experienced in sourcing its workforce according to its demands and this experience will reduce the impact of any work restrictions placed on its workforce that originates from mainland Europe.

The directors are not aware of any other significant risks that may impact the company.

Financial key performance indicators

The Directors consider the financial KPI's of the business to be:

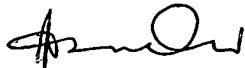
- Turnover
- Gross Margin
- Net Profit
- Cash Balances and working capital metrics

These are monitored on a monthly basis and resultant actions are taken as and when necessary.

Other key performance indicators

In addition, non-financial KPI's are a high standard of customer service, health & safety compliance and environmental issues.

This report was approved by the board on 31 January 2020 and signed on its behalf.



J C Harder
Director

HARDER BROS (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

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 judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £397,593 (2018 - £849,165).

A dividend of £105,500 was paid during the year (2018: £27,800).

Directors

The Directors who served during the year were:

J C Harder
P M Sharp

Future developments

The Directors will continue to implement business strategies focused on growth, margin improvement, customer service, safety performance, health standards and the development of the customer base.

Post balance sheet events

On the 30 April 2019 a resolution was adopted to reclassify the ordinary share capital of 360 shares. They were reclassified to 162 ordinary A shares held at £1, 18 ordinary B shares held at £1, 162 ordinary C shares held at £1 and 18 ordinary D shares held at £1.

Following the year end, £157,600 of dividends were declared.

HARDER BROS (HOLDINGS) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

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.

Auditors

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

This report was approved by the board on 31 January 2020 and signed on its behalf.



J C Harder
Director

HARDER BROS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARDER BROS (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Harder Bros (Holdings) Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group's and Parent Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and Parent Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and Parent Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Group or Parent Company and this is particularly the case in relation to Brexit.

HARDER BROS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARDER BROS (HOLDINGS) LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's nor Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us;
- the Parent Company financial statements are not in agreement with the accounting records and returns;
- 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.

HARDER BROS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARDER BROS (HOLDINGS) LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 or 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 intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



David Smithson (Senior statutory auditor)

for and on behalf of

West Yorkshire
Mazars LLP
Chartered Accountants and
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 31 January 2020

HARDER BROS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

| | | 31 March 2019 £ | As restated 13 months ended 31 March 2018 £ |
|---|-------------|--------------------------------|--|
| | Note | | |
| Turnover | 4 | 28,048,744 | 27,585,564 |
| Cost of sales | | (23,251,592) | (22,198,047) |
| Gross profit | | 4,797,152 | 5,387,517 |
| Distribution costs | | (1,139,385) | (1,163,684) |
| Administrative expenses | | (3,410,012) | (3,527,302) |
| Other operating income | 5 | 16,132 | - |
| Fair value movements | | - | 359,700 |
| Operating profit | 6 | 263,887 | 1,056,231 |
| Share of profit of joint venture | | 20,199 | 20,693 |
| Total operating profit | | 284,086 | 1,076,924 |
| Interest receivable and similar income | 10 | 758 | 354 |
| Interest payable and expenses | 11 | (88,064) | (103,672) |
| Profit before taxation | | 196,780 | 973,606 |
| Tax on profit | 12 | 177,844 | (140,830) |
| Profit for the financial year | | 374,624 | 832,776 |
| Profit for the year attributable to: | | | |
| Non-controlling interests | | (22,969) | (16,389) |
| Owners of the parent Company | | 397,593 | 849,165 |
| | | 374,624 | 832,776 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

The notes on pages 18 to 40 form part of these financial statements.

HARDER BROS (HOLDINGS) LIMITED
REGISTERED NUMBER: 10624876

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

| | Note | 2019 £ | As restated 2018 £ |
|---|------|-------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 2,308,330 | 2,172,300 |
| Investments | 15 | 82,438 | 62,239 |
| | | <u>2,390,768</u> | <u>2,234,539</u> |
| Current assets | | | |
| Stocks | 16 | 5,023,588 | 4,186,026 |
| Debtors: amounts falling due within one year | 17 | 3,544,937 | 3,185,355 |
| Cash at bank and in hand | 18 | 125,343 | 108,088 |
| | | <u>8,693,868</u> | <u>7,479,469</u> |
| Creditors: amounts falling due within one year | 19 | (4,068,252) | (2,727,835) |
| Net current assets | | <u>4,625,616</u> | <u>4,751,634</u> |
| Total assets less current liabilities | | <u>7,016,384</u> | <u>6,986,173</u> |
| Creditors: amounts falling due after more than one year | 20 | (1,122,139) | (1,217,186) |
| Provisions for liabilities | | | |
| Deferred taxation | 24 | (66,095) | (211,000) |
| | | <u>(66,095)</u> | <u>(211,000)</u> |
| Net assets | | <u><u>5,828,150</u></u> | <u><u>5,557,987</u></u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 360 | 360 |
| Foreign exchange reserve | 26 | 1,039 | - |
| Merger reserve | 26 | 4,752,438 | 4,752,438 |
| Profit and loss account | 26 | 1,113,458 | 821,365 |
| Non-controlling interests | | (39,145) | (16,176) |
| | | <u><u>5,828,150</u></u> | <u><u>5,557,987</u></u> |

HARDER BROS (HOLDINGS) LIMITED
REGISTERED NUMBER: 10624876

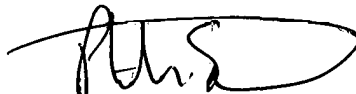
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

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

31 January 2020.



J C Harder
Director



P M Sharp
Director

The notes on pages 18 to 40 form part of these financial statements.

HARDER BROS (HOLDINGS) LIMITED
REGISTERED NUMBER: 10624876

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

| | Note | 2019 £ | As restated 2018 £ |
|---|------|-----------------------|--------------------------|
| Fixed assets | | | |
| Investments | 15 | 2,400,260 | 2,400,260 |
| | | <u>2,400,260</u> | <u>2,400,260</u> |
| Current assets | | | |
| Cash at bank and in hand | 18 | 100 | 100 |
| | | <u>100</u> | <u>100</u> |
| Creditors: amounts falling due within one year | 19 | (1,203,667) | (1,037,667) |
| | | <u>(1,203,667)</u> | <u>(1,037,667)</u> |
| Net current liabilities | | <u>(1,203,567)</u> | <u>(1,037,567)</u> |
| Total assets less current liabilities | | <u>1,196,693</u> | <u>1,362,693</u> |
| Creditors: amounts falling due after more than one year | 20 | (764,171) | (869,157) |
| | | <u>(764,171)</u> | <u>(869,157)</u> |
| Net assets | | <u><u>432,522</u></u> | <u><u>493,536</u></u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 360 | 360 |
| Profit and loss account | | 432,162 | 493,176 |
| | | <u>432,522</u> | <u>493,536</u> |

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year/period was £44,486 (2018 - £520,976).

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

31 January 2020

J C Harder
Director

P M Sharp
Director

The notes on pages 18 to 40 form part of these financial statements.

HARDER BROS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

| | Called up share capital | Capital redemption reserve | Foreign exchange reserve | Merger reserve | Profit and loss account | Non- controlling interests | Total equity |
|--|------------------------------------|---|---|---------------------------|------------------------------------|---|---------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| At 1 April 2018 (as previously stated) | 360 | 200,333 | - | 4,752,438 | 716,762 | (16,176) | 5,653,717 |
| Prior year adjustment (Note 27) | - | (200,333) | - | - | 104,603 | - | (95,730) |
| At 1 April 2018 (as restated) | 360 | - | - | 4,752,438 | 821,365 | (16,176) | 5,557,987 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | 397,593 | (22,969) | 374,624 |
| Currency translation differences | - | - | 1,039 | - | - | - | 1,039 |
| Total comprehensive income for the year | - | - | 1,039 | - | 397,593 | (22,969) | 375,663 |
| Dividends: Equity capital | - | - | - | - | (105,500) | - | (105,500) |
| Total transactions with owners | - | - | - | - | (105,500) | - | (105,500) |
| At 31 March 2019 | 360 | - | 1,039 | 4,752,438 | 1,113,458 | (39,145) | 5,828,150 |

The notes on pages 18 to 40 form part of these financial statements.

HARDER BROS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

| | Called up share capital £ | Merger reserve £ | Profit and loss account £ | Non- controlling interests £ | Total equity £ |
|--|---------------------------------|------------------------|---------------------------------|---------------------------------------|-------------------|
| Comprehensive income for the period | | | | | |
| Profit for the period | - | - | 849,165 | (16,389) | 832,776 |
| Currency translation differences | - | 4,752,438 | - | 213 | 4,752,651 |
| Other comprehensive income for the period | - | 4,752,438 | - | 213 | 4,752,651 |
| Total comprehensive income for the period | - | 4,752,438 | 849,165 | (16,176) | 5,585,427 |
| Dividends: Equity capital | - | - | (27,800) | - | (27,800) |
| Shares issued during the period | 360 | - | - | - | 360 |
| Total transactions with owners | 360 | - | (27,800) | - | (27,440) |
| At 31 March 2018 | 360 | 4,752,438 | 821,365 | (16,176) | 5,557,987 |

The notes on pages 18 to 40 form part of these financial statements.

HARDER BROS (HOLDINGS) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

| | Called up share capital | Capital redemption reserve | Profit and loss account | Total equity |
|---|------------------------------------|---|------------------------------------|---------------------|
| | £ | £ | £ | £ |
| At 1 April 2018 (as previously stated) | 360 | 200,333 | 355,070 | 555,763 |
| Prior year adjustment (Note 27) | - | (200,333) | 138,106 | (62,227) |
| At 1 April 2018 (as restated) | 360 | - | 493,176 | 493,536 |
| Comprehensive income for the period | | | | |
| Profit for the year | - | - | 44,486 | 44,486 |
| Total comprehensive income for the year | - | - | 44,486 | 44,486 |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (105,500) | (105,500) |
| Total transactions with owners | - | - | (105,500) | (105,500) |
| At 31 March 2019 | 360 | - | 432,162 | 432,522 |

The notes on pages 18 to 40 form part of these financial statements.

HARDER BROS (HOLDINGS) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

| | Called up share capital | Profit and loss account | Total equity |
|---|------------------------------------|------------------------------------|---------------------|
| | £ | £ | £ |
| Comprehensive income for the period | | | |
| Profit for the period | - | 520,976 | 520,976 |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | - | 520,976 | 520,976 |
| | <hr/> | <hr/> | <hr/> |
| Contributions by and distributions to owners | | | |
| Dividends: Equity capital | - | (27,800) | (27,800) |
| Shares issued during the period | 360 | - | 360 |
| | <hr/> | <hr/> | <hr/> |
| Total transactions with owners | 360 | (27,800) | (27,440) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2018 | 360 | 493,176 | 493,536 |
| | <hr/> | <hr/> | <hr/> |

The notes on pages 18 to 40 form part of these financial statements.

HARDER BROS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

| | 2019 £ | As restated 2018 £ |
|---|------------------|--------------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 374,624 | 832,776 |
| Adjustments for: | | |
| Depreciation of tangible assets | 265,499 | 311,309 |
| Loss on disposal of tangible assets | 32,763 | (7,347) |
| Interest paid | 88,064 | 103,672 |
| Interest received | (758) | (354) |
| Taxation charge | (177,844) | 140,830 |
| (Increase) in stocks | (837,562) | (382,629) |
| (Increase)/decrease in debtors | (359,582) | 559,413 |
| Increase in creditors | 679,906 | 226,664 |
| Net fair value losses/(gains) recognised in P&L | - | (359,700) |
| Share of operating (loss) in joint ventures | (20,199) | (20,693) |
| Corporation tax (paid) | (105,275) | (47,913) |
| Net cash generated from operating activities | (60,364) | 1,356,028 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (468,265) | (239,201) |
| Sale of tangible fixed assets | 33,973 | 266,333 |
| Purchase of fixed asset investments | - | (740,000) |
| Sale of fixed asset investments | - | 256,876 |
| Interest received | 758 | 354 |
| HP interest paid | (5,373) | (6,241) |
| Net cash from investing activities | (438,907) | (461,879) |

HARDER BROS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

| | 2019 | As restated |
|---|------------------|--------------------|
| | £ | 2018 |
| | | £ |
| Cash flows from financing activities | | |
| Issue of ordinary shares | - | 100 |
| Repayment of loans | (50,000) | (157,767) |
| Repayment of/new finance leases | 69,256 | (169,680) |
| Shares treated as debt - redeemed | (166,000) | (200,333) |
| Movements on invoice discounting | 648,019 | (203,429) |
| Dividends paid | (105,500) | (27,800) |
| Interest paid | (21,677) | (30,574) |
| Net cash used in financing activities | 374,098 | (789,483) |
| Net (decrease)/increase in cash and cash equivalents | (125,173) | 104,666 |
| Cash and cash equivalents at beginning of year | 104,666 | - |
| Foreign exchange gains and losses | 1,039 | - |
| Cash and cash equivalents at the end of year | (19,468) | 104,666 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 125,343 | 108,088 |
| Bank overdrafts | (144,811) | (3,422) |
| | (19,468) | 104,666 |

The notes on pages 18 to 40 form part of these financial statements.

HARDER BROS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Harder Bros (Holdings) Limited is a private company, limited by shares, incorporated in the United Kingdom. The Company's registration number is 10624876. The company's principal activity is that of a holding company.

The address of its registered office and principal place of business is Valley Mills, Valley Road, Morley, Leeds, LS27 8EX.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment 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 Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

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 Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements have been prepared on a going concern basis.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on the forecasts prepared therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.6 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 the Consolidated Statement of Comprehensive Income 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 Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income 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.

2.9 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.10 Pensions

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 Statement of Comprehensive Income 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.11 Current and deferred taxation

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

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

2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|---------------------|-------------------------------------|
| Freehold property | - Straight line basis over 50 years |
| Plant & machinery | - 15% reducing balance basis |
| Motor vehicles | - 25% reducing balance basis |
| Fixtures & fittings | - 10% straight line basis |

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 the Consolidated Statement of Comprehensive Income.

HARDER BROS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.13 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 balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.14 Joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.15 Stocks

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

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

2.16 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.

2.17 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.18 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.

2.19 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 the Consolidated Statement of Comprehensive Income 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.

2.20 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 and loans to related parties.

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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Statement of Comprehensive Income.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.20 Financial instruments (continued)

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.

2.21 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.

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

In applying the Group's accounting policies, the directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions the actual results and outcomes may differ.

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

Critical judgments in applying the group's accounting policies

The critical judgment that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimating value in use of investments

Where an indication of impairment exists, the directors have carried out an impairment review to determine the recoverable amount of the asset, which is the higher of fair value less cost to sell and value in use. The value in use calculation has required the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and determine a suitable discount rate in order to calculate present value.

HARDER BROS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Judgments in applying accounting policies (continued)

(ii) Stock provision

Management apply a provision to stock to ensure that stock is correctly valued at the lower of cost and net realisable value.

There is uncertainty in terms of future assets of specific stock lines. As such management use judgment to estimate the required stock provision based on the information available to them.

4. Turnover

Analysis of turnover by country of destination:

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|-------------------|--------------------------------|--|
| United Kingdom | 14,239,230 | 17,099,769 |
| Rest of Europe | 13,738,184 | 10,263,923 |
| Rest of the world | 71,330 | 221,872 |
| | <u>28,048,744</u> | <u>27,585,564</u> |

5. Other operating income

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|------------------------------|--------------------------------|--|
| Other operating income | 4,394 | - |
| Government grants receivable | 11,738 | - |
| | <u>16,132</u> | <u>-</u> |

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. Operating profit

The operating profit is stated after charging:

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|---|--------------------------------|--|
| Depreciation of owned assets | 196,402 | 202,243 |
| Depreciation of assets held under hire purchase | 64,447 | 109,066 |
| Exchange differences | (9,997) | 29,635 |
| Profit on disposal of fixed assets | - | (7,347) |
| | <u> </u> | <u> </u> |

7. Auditors' remuneration

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|--|--------------------------------|--|
| Fees payable to the Group's auditor for the audit of the Group's annual financial statements | 18,000 | 17,750 |
| | <u> </u> | <u> </u> |

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

| | | |
|------------------------------|---------------|----------|
| Taxation compliance services | 6,000 | - |
| All other services | 7,945 | - |
| | <u>13,945</u> | <u>-</u> |

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. Employees

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

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries | 3,789,206 | 4,487,574 | - | - |
| Social security costs | 381,229 | 431,666 | - | - |
| Cost of defined contribution scheme | 96,884 | 80,003 | - | - |
| | <u>4,267,319</u> | <u>4,999,243</u> | <u>-</u> | <u>-</u> |

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

| | Group 31 March 2019 No. | Group 13 months ended 31 March 2018 No. | Company 31 March 2019 No. | Company 13 months ended 31 March 2018 No. |
|-----------------------------------|--|--|--|--|
| Directors | 2 | 2 | 2 | 2 |
| Administration and support | 24 | 24 | - | - |
| Production | 183 | 181 | - | - |
| Sales, marketing and distribution | 10 | 8 | - | - |
| | <u>219</u> | <u>215</u> | <u>2</u> | <u>2</u> |

9. Directors' remuneration

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|---|--------------------------------|--|
| Directors' emoluments | 42,202 | 187,627 |
| Company contributions to defined contribution pension schemes | 14,400 | 9,750 |
| | <u>56,602</u> | <u>197,377</u> |

During the year retirement benefits were accruing to 2 Directors (2018 - 1) in respect of defined contribution pension schemes.

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. Interest receivable

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|---------------------------|--------------------------------|--|
| Other interest receivable | 758 | 354 |
| | <u>758</u> | <u>354</u> |

11. Interest payable and similar expenses

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|--|--------------------------------|--|
| Bank interest payable | 8,682 | 11,673 |
| Other loan interest payable | 74,009 | 85,758 |
| Finance leases and hire purchase contracts | 5,373 | 6,241 |
| | <u>88,064</u> | <u>103,672</u> |

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Taxation

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|---|--------------------------------|--|
| Corporation tax | | |
| Current tax on profits for the year | 60,689 | 142,917 |
| Adjustments in respect of previous periods | (93,628) | 1,913 |
| Total current tax | <u>(32,939)</u> | <u>144,830</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (144,905) | (4,000) |
| Total deferred tax | <u>(144,905)</u> | <u>(4,000)</u> |
| Taxation on (loss)/profit on ordinary activities | <u>(177,844)</u> | <u>140,830</u> |

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Taxation (continued)**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 31 March 2019 £ | 13 months ended 31 March 2018 £ |
|--|-----------------------|---|
| Profit on ordinary activities before tax | 196,780 | 973,606 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 37,388 | 184,985 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 19,627 | 20,602 |
| Utilisation of tax losses | - | (4,870) |
| Adjustments to tax charge in respect of prior periods | (93,628) | 1,913 |
| Non-taxable income | - | (81,498) |
| Adjustments in respect of prior period adjustments | (162,866) | 18,189 |
| Unrelieved tax losses carried forward | - | 15,236 |
| Change in tax rates during the period | - | 247 |
| Associated company profits | (3,838) | (3,956) |
| Other differences leading to an increase (decrease) in the tax charge | 25,473 | (10,018) |
| Total tax charge for the year/period | (177,844) | 140,830 |

Factors that may affect future tax charges

A reduction in UK corporation tax rate from 19% to 17% was substantively enacted in October 2015 and takes effect from 1 April 2020.

Group company Weschenfelder & Sons Limited has tax losses of £407,789 (2018: £407,719) available to offset against future profits of its trade. A deferred tax asset of £69,324 (2018: £77,000) has not been recognised in the financial statements in respect of these losses as it is not certain that there will be sufficient taxable profits earned in the foreseeable future to utilise this asset.

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Dividends

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Dividends declared and paid on ordinary share capital | 105,500 | 27,800 |

14. Tangible fixed assets**Group**

| | Freehold property £ | Plant & machinery £ | Motor vehicles £ | Fixtures & fittings £ | Total £ |
|--|------------------------------------|--|---------------------------------|--|--------------------|
| Cost or valuation | | | | | |
| At 1 April 2018 | 1,065,912 | 769,444 | 630,825 | 3,571 | 2,469,752 |
| Additions | 68,261 | 143,054 | 249,790 | 7,160 | 468,265 |
| Disposals | (5,563) | (2,720) | (57,021) | (2,863) | (68,167) |
| At 31 March 2019 | 1,128,610 | 909,778 | 823,594 | 7,868 | 2,869,850 |
| Depreciation | | | | | |
| At 1 April 2018 | 26,247 | 118,121 | 151,512 | 1,572 | 297,452 |
| Charge for the year on owned assets | 24,663 | 103,258 | 71,820 | 1,311 | 201,052 |
| Charge for the year on financed assets | - | - | 64,447 | - | 64,447 |
| Disposals | (297) | (1,134) | - | - | (1,431) |
| At 31 March 2019 | 50,613 | 220,245 | 287,779 | 2,883 | 561,520 |
| Net book value | | | | | |
| At 31 March 2019 | 1,077,997 | 689,533 | 535,815 | 4,985 | 2,308,330 |
| At 31 March 2018 | 1,039,665 | 651,323 | 479,313 | 1,999 | 2,172,300 |

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2019 £ | 2018 £ |
|----------------|----------------|----------------|
| Motor vehicles | 356,156 | 301,194 |
| | <u>356,156</u> | <u>301,194</u> |

15. Fixed asset investments**Group**

| | Investment in joint ventures £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 April 2018 | 102,239 |
| Share of profit | 20,199 |
| At 31 March 2019 | <u>122,438</u> |
| Impairment | |
| At 1 April 2018 | 40,000 |
| At 31 March 2019 | <u>40,000</u> |
| Net book value | |
| At 31 March 2019 | <u>82,438</u> |
| At 31 March 2018 | <u>62,239</u> |

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Fixed asset investments (continued)**Company**

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 April 2018 | 2,400,260 |
| At 31 March 2019 | <u>2,400,260</u> |
| Net book value | |
| At 31 March 2019 | <u>2,400,260</u> |
| At 31 March 2018 | <u>2,400,260</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Class of shares | Holding |
|-------------------------------|---|----------------------------|----------------|
| Harder Bros Limited | Valley Mills, Valley Road, Morley, Leeds, LS27 8EX | Ordinary | 100% |
| Valley Co Products Limited* | Valley Mills, Valley Road, Morley, Leeds, LS27 8EX | Ordinary | 100% |
| Weschenfelder & Sons Limited^ | North Road, Middlesbrough, Cleveland, TS2 1DE | Ordinary | 100% |
| Mificas SP Z.O.O.* | Ul. Bernarda Krawczyka 1, 43-190 Mikołów, Poland | Ordinary | 80% |
| HB Property Services Limited* | Valley Mills, Valley Road, Morley, Leeds, LS27 8EX | Ordinary | 100% |

^ marks subsidiaries held indirectly by Valley Co Products Limited.

* marks subsidiaries held indirectly by Harder Bros Limited.

All subsidiaries have the same year end as the Parent Company with the exception of Mificas, which has a 31 December 2018 year end and it is these results which have been consolidated into the Group financial statements.

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Fixed asset investments (continued)**Joint ventures**

The following were joint ventures of the Company:

| Name | Registered office | Holding |
|----------------------|---|----------------|
| David Audley Limited | Onward Chambers, 34 Market Street, Hyde, Cheshire, England, SK14 1AH | 50% |
| APN Naturdam GmbH | Hamburg, Germany | 50% |

The carrying value of investments in associated companies represents the Company's share of the net assets of David Audley Limited.

The carrying value of the Company's investment in APN Naturdam GmbH is £nil since the company is loss making with net liabilities. Losses are not recognised in the consolidated financial statements since the Group has no contractual obligation to contribute its share of the company losses in the event of the company being wound up.

16. Stocks

| | Group 2019 £ | Group 2018 £ |
|-------------------------------------|-----------------------------|-----------------------------|
| Raw materials and consumables | 3,654,856 | 2,337,025 |
| Finished goods and goods for resale | 1,368,732 | 1,849,001 |
| | <u>5,023,588</u> | <u>4,186,026</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors

| | Group 2019 £ | Group As restated 2018 £ |
|--------------------------------|-----------------------------|---|
| Trade debtors | 3,046,780 | 3,093,993 |
| Other debtors | 472,333 | 60,840 |
| Prepayments and accrued income | 25,824 | 30,522 |
| | <u>3,544,937</u> | <u>3,185,355</u> |

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

18. Cash and cash equivalents

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 125,343 | 108,088 | 100 | 100 |
| Less: bank overdrafts | (144,811) | (3,422) | - | - |
| | <u>(19,468)</u> | <u>104,666</u> | <u>100</u> | <u>100</u> |

19. Creditors: Amounts falling due within one year

| | Group 2019 £ | Group As restated 2018 £ | Company 2019 £ | Company As restated 2018 £ |
|---|-----------------------------|---|-------------------------------|---|
| Bank overdrafts | 144,811 | 3,422 | - | - |
| Bank loan | 50,000 | 50,000 | - | - |
| Trade creditors | 1,829,383 | 1,371,759 | - | - |
| Amounts owed to group undertakings | - | - | 889,800 | 740,000 |
| Amounts owed to joint ventures | 20,334 | 10,244 | - | - |
| Corporation tax | - | 138,214 | - | - |
| Other taxation and social security | 104,482 | 135,329 | - | - |
| Obligations under finance lease and hire purchase contracts | 99,035 | 89,718 | - | - |
| Invoice discounting creditor | 1,077,435 | 429,416 | - | - |
| Other creditors | 348,739 | 154,459 | 147,867 | 131,667 |
| Accruals and deferred income | 228,033 | 179,274 | - | - |
| 0.1% redeemable preference shares | 166,000 | 166,000 | 166,000 | 166,000 |
| | <u>4,068,252</u> | <u>2,727,835</u> | <u>1,203,667</u> | <u>1,037,667</u> |

The Group's bank borrowings are secured by fixed and floating charges over the assets of the Group.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The invoice discounting creditor is secured on the Group's trade debtor balances.

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Creditors: Amounts falling due after more than one year

| | Group | Group | Company | Company |
|--|------------------|--------------------|----------------|--------------------|
| | 2019 | As restated | 2019 | As restated |
| | £ | 2018 | £ | 2018 |
| | | £ | | £ |
| Bank loans | 246,400 | 296,400 | - | - |
| Net obligations under finance leases and hire purchase contracts | 111,568 | 51,629 | - | - |
| 0.1% redeemable preference shares | 764,171 | 869,157 | 764,171 | 869,157 |
| | <u>1,122,139</u> | <u>1,217,186</u> | <u>764,171</u> | <u>869,157</u> |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

The Group's bank borrowings are secured by fixed and floating charges over the assets of the Group.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

21. Loans

| | Group | Group |
|--|----------------|----------------|
| | 2019 | 2018 |
| | £ | £ |
| Amounts falling due within one year | | |
| Bank loans | 50,000 | 50,000 |
| Amounts falling due 1-2 years | | |
| Bank loans | 50,000 | 296,400 |
| Amounts falling due 2-5 years | | |
| Bank loans | 196,400 | - |
| | <u>296,400</u> | <u>346,400</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2019 £ | Group 2018 £ |
|-------------------|-----------------------------|-----------------------------|
| Within one year | 99,035 | 89,718 |
| Between 1-5 years | 111,568 | 51,629 |
| | <u>210,603</u> | <u>141,347</u> |

23. Financial instruments

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Financial assets | | | | |
| Financial assets measured at fair value through profit or loss | 125,343 | 108,088 | 100 | 100 |
| Financial assets that are debt instruments measured at amortised cost | 3,544,937 | 3,185,355 | - | - |
| | <u>3,670,280</u> | <u>3,293,443</u> | <u>100</u> | <u>100</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | (5,085,909) | (3,671,478) | (1,967,838) | (1,906,824) |

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise bank borrowings, trade and other creditors, amounts owed to group and associated undertakings, obligations under hire purchase and finance lease contracts, accruals and preference shares.

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Deferred taxation**Group**

| | 2019 £ |
|--------------------------------|---|
| At beginning of year | (211,000) |
| Charged to profit or loss | 144,905 |
| At end of year | <u>(66,095)</u> |
| | |
| | Group 2019 £ |
| Accelerated capital allowances | (87,214) |
| Other timing differences | 21,119 |
| | <u>(66,095)</u> |
| | Group 2018 £ |
| | (230,000) |
| | 19,000 |
| | <u>(211,000)</u> |

25. Share capital

| | | |
|--|-------------------------|-------------------------|
| | 2019 £ | 2018 £ |
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 360 (2018 - 360) Ordinary shares of £1.00 each | 360 | 360 |
| All shares are ranked <i>pari-passu</i> . | | |
| | 2019 £ | 2018 £ |
| Shares classified as debt | | |
| Allotted, called up and fully paid | | |
| 930,171 (2018 - 1,035,157) Preference shares of £1.00 each | 930,171 | 1,035,157 |

HARDER BROS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

26. Reserves

Foreign exchange reserve

this reserve represents the foreign exchange differences arising on the translation of opening reserves and certain other non-monetary assets of foreign subsidiaries.

Merger Reserve

This non-distributable reserve was created by the exercise of merger relief in accordance with Section 612 of the Companies act 2006 for the amount in excess of the nominal value of the shares issued and cash paid in connection with the acquisition of Harder Bros Limited.

Profit & loss account

This reserve represents the cumulative profits and losses of the Group.

27. Prior year adjustment

The prior period financial statements included classification and valuation errors and accordingly the comparative figures have been adjusted in the following areas:

Classification of capital redemption reserve

In the prior year a capital redemption reserve was incorrectly created and this has been corrected to show the amount through profit and loss reserve. The reclassification totals £200,333.

Valuation of preference shares

The valuation of preference shares in the prior period was misstated and as such a correction to the value of £62,227 was made to ensure the preference shares are correctly stated in these financial statements. This adjustment resulted in a decrease to profit of £62,227 in the prior period.

28. Pension commitments

The Group operates a defined contributions pension scheme. 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 £96,884 (2018 - £88,003). Contributions totalling £14,811 (2018 - £9,667) were payable to the fund at the reporting date and are included in other creditors.

29. Transactions with directors

At the Statement of Financial Position date, £101,159 was owed by directors to the Group as a result of advances to the directors throughout the period.

During the year, dividends totalling £105,500 were declared to directors.

HARDER BROS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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30. Related party transactions

The Company has taken advantage of the exemption in Section 33 of Financial Reporting Standard 102 (Related Party Disclosures) from the requirement to disclose transactions with group companies.

31. Post balance sheet events

On the 30 April 2019 a resolution was adopted to reclassify the ordinary share capital of 360 shares. They were reclassified to 162 ordinary A shares held at £1, 18 ordinary B shares held at £1, 162 ordinary C shares held at £1 and 18 ordinary D shares held at £1.

Following the year end, £157,600 of dividends were declared.

32. Controlling party

The directors do not consider there to be one single ultimate controlling party.