

Company registration number 00202442 (England and Wales)

J.H. LAVENDER (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

J.H. LAVENDER (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mr A Taylor Mr I M Timings Dr A J Rose Mr J M Warner
Company number	00202442
Registered office	Hall Green Works Crankhall Lane West Bromwich West Midlands B71 3JZ
Auditor	CK Audit No 4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH
Business address	Hall Green Works Crankhall Lane West Bromwich West Midlands B71 3JZ

J.H. LAVENDER (HOLDINGS) LIMITED

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J.H. LAVENDER (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Review of the business

As referred to in the previous business review for the year ending 31st March 2022, unfortunately, the on-going supply chain delivery issues that commenced in January 2022, continued for most of the calendar year. Likewise, the cost of factory consumables also continued to increase month on month as inflation increased rapidly peaking at 11.1% in October 2022. Even though inflation started to reduce by the end of our financial year, it was still at 10.1% in March 2023.

In addition to spiralling production costs, as from April 2022, the start of our financial year, there was also a 6.6% increase in the National Living Wage which had to be absorbed. Whilst none of the Company's employees are paid the NLW rate, the increase determines what the general pay award should be to ensure pay differentials are maintained.

During the year there was a need to increase the labour force by over 35% to enable the business to service its increased order book. This proved to be an extremely difficult task to complete successfully and we were hampered by a distinct lack of skilled workers in our industry. Additional time and resources had to be found for the training and recruitment of both new and existing employees, which had a detrimental effect on our labour budget. This resulted in increased recruitment and training costs further exaggerated by a disappointing high turnover of employees during the process.

On the back of 2 extra-ordinary years being 2020 and 2021, following COVID-19 and all the issues it created in its after-math, the business was already operating in a testing environment, so the cost pressures mentioned above were most unwelcome and resulted in the financial year ending 31st March 2023 becoming another challenging and un-rewarding trading year.

From the commencement of the financial year in April 2022 to its final month in March 2023, sales levels continued to grow and increased by nearly 50% during this period. Total turnover achieved was therefore £11.9M of which only £0.5M related to tooling sales, meaning that £11.4M related to casting sales, the highest achieved by the business in its history.

This gives a monthly average of £950K compared to £696K in 2019, the last "normal" trading year before COVID-19.

However, despite this increase in turnover, the loss after tax in 2023 is £519,850 compared to £786,422 in the previous year.

During the year all new projects commenced full production volumes and labour shortages gradually eased. This resulted in the business transitioning from a period of sustained firefighting into a stable and controlled operation. This was essential for the survival of the business due to the significant increases in payroll and factory consumable costs already mentioned. Subsequently as the financial year ended, significant improvements in operation efficiencies were evident, however due to the timing of these little impact would be made on the yearend figures.

With new energy contracts due to commence from 1st April 2023, during the first quarter of 2023, the business completed its contract renewals. As anticipated, due mostly to the conflict in Ukraine, the increases were significant with power increasing 162% and gas increasing 382%. As these increases were clearly too significant for the business to absorb, the Directors approached all the company's customers to secure their support. Whilst the details of certain negotiations must remain confidential, the Board are pleased to be able to report that all our customers have accepted unit prices increases from 1st April 2023 to cover our additional costs in energy, labour and consumables.

Based on the above facts the Directors are optimistic that as the new financial year commences, the business can now return to a period of sustainable growth and profitability.

J.H. LAVENDER (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

Price Risk

Since the start of the financial year, raw material (aluminium ingot) prices have reduced from £2,550 per metric ton and currently stand at £2,115 per metric ton. Any movement in prices, up or down, are mitigated by agreements that allow the business to pass on any movements in price to the customer.

Interest Rate Risk

The group's invoice discounting facility is linked to the Bank of England base rate and the recent increases to curb the rise in inflation have exposed the business to an element of interest rate risk and will continue to do so over the coming months. Now inflation appears to be under control, forecasted reductions in the base rate in 2024 will reduce the interest rate exposure.

Economy Risk

As was seen in 2009, an economic downturn within the UK and the rest of Europe can severely impact on the trading ability of the business. The global recession predicted for 2023 never materialised, but there is continued economic risk due to high levels of inflation.

Energy Risk

Volatility in the energy markets continues due to on-going fractions around the world, so this is a continuing risk for the business as the aluminium die-casting process is a high consumer of energy.

Key performance indicators

Analysis using key performance indicators:

Profit ratio

Pre-tax profit margin 8.31% (2022: -4.05%)

Activity ratio

Stock turnover 9.81% (2022: 7.40%)

Capital ratio

Interest cover -2.96 (2022: -4.39)

On behalf of the board

Mr I M Timings

Director

19 December 2023

J.H. LAVENDER (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company and group continued to be that of aluminium pressure and gravity diecasters and machinists.

Results and dividends

The results for the year are set out on page 9.

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

Directors

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

Mr A Taylor
Mr I M Timings
Dr A J Rose
Mr J M Warner

Future developments

Successful negotiations with all the company's customers has enabled a resetting of the businesses cost structure.

This coupled with on-going improvements from in-house efficiencies has resulted in the business achieving a profit in April 2023, being the first month of the new financial year. The Directors are pleased to report that consecutive monthly profits have been generated since, up to and including October 2023 and this level of profitability is forecast to continue for the remaining 5 months of the current financial year.

With inflation reducing, interest rates stabilizing and with rate cuts forecast for 2024, the Directors are confident that the "perfect storm" that the business has been challenged with over the last 3 years has now subsided and sustainable profits are now forecast year on year.

Continued support is provided by HSBC plc to provide sufficient working capital to facilitate the growth in turnover and via asset finance and the Recovery Loan Scheme for capital expenditure, to allow for increases in capacity were required.

As we enter 2024, the Directors feel confident the solid foundation laid in 2023 will result in the company finally being able to exploit its true potential in terms of profitability and operational excellence. There are a considerable number of opportunity's under consideration combined with volume increases and a vast array of new projects on the horizon.

There will be cost pressures to face in 2024 due to continued energy cost fluctuations and increases in direct labour costs driven by the national living wage increases. The Board are confident that these challenges will be mitigated by existing long-term agreements in respect of energy pricing and by specific continuous improvement activities that will improve employee productivity.

The Directors would like to take the opportunity to thank all the company's customers for their support during the year. A business needs good quality customers and we are very appreciative of our customer base and the excellent relationships that we have established.

Statement of disclosure to auditor

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

J.H. LAVENDER (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board

Mr I M Timings
Director

19 December 2023

J.H. LAVENDER (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

J.H. LAVENDER (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF J.H. LAVENDER (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of J. H. Lavender (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 the parent company's affairs as at 31 March 2023 and of the group's loss 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

J.H. LAVENDER (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF J.H. LAVENDER (HOLDINGS) LIMITED

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 their 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; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

We identified and assessed the risks of material misstatement of the financial statements, in respect of irregularities whether due to fraud or error, or non compliance with laws and regulations and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

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

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

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

J.H. LAVENDER (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF J.H. LAVENDER (HOLDINGS) LIMITED

Audit response to risks identified

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

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

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Frances Clapham (FCA)
For and on behalf of CK Audit

19 December 2023

Chartered Accountants
Statutory Auditor

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

J.H. LAVENDER (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Year ended 31 March 2023 £	Period ended 31 March 2022 £
Turnover	3	11,923,580	12,957,806
Cost of sales		(11,039,803)	(11,461,857)
Gross profit		<u>883,777</u>	<u>1,495,949</u>
Administrative expenses		(1,635,679)	(2,086,087)
Other operating income		10,811	243,601
Operating loss	4	<u>(741,091)</u>	<u>(346,537)</u>
Interest receivable and similar income	8	-	(39,293)
Interest payable and similar expenses	9	(250,685)	(137,972)
Loss before taxation		<u>(991,776)</u>	<u>(523,802)</u>
Tax on loss	10	471,926	(262,620)
Loss for the financial year	27	<u><u>(519,850)</u></u>	<u><u>(786,422)</u></u>

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

The profit and loss account has been prepared on the basis that all operations are continuing operations.

J.H. LAVENDER (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Year ended 31 March 2023 £	Period ended 31 March 2022 £
Loss for the year	(519,850)	(786,422)
Other comprehensive income		
Revaluation of tangible fixed assets	-	(14,086)
Tax relating to other comprehensive income	-	36,274
Other comprehensive income for the year	-	22,188
Total comprehensive income for the year	(519,850)	(764,234)

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

J.H. LAVENDER (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		6,108,820		6,148,309
Current assets					
Stocks	14	1,169,883		958,923	
Debtors	15	3,634,463		3,659,915	
Cash at bank and in hand		15,946		24,389	
		<u>4,820,292</u>		<u>4,643,227</u>	
Creditors: amounts falling due within one year	16	<u>(5,692,792)</u>		<u>(4,822,263)</u>	
Net current liabilities			<u>(872,500)</u>		<u>(179,036)</u>
Total assets less current liabilities			5,236,320		5,969,273
Creditors: amounts falling due after more than one year	17		<u>(1,782,911)</u>		<u>(1,979,303)</u>
Provisions for liabilities					
Deferred tax liability	20	816,802		833,513	
		<u>(816,802)</u>		<u>(833,513)</u>	
Net assets			<u>2,636,607</u>		<u>3,156,457</u>
Capital and reserves					
Called up share capital	23		3,527		3,527
Share premium account	24		160,833		160,833
Revaluation reserve	25		(14,086)		(14,086)
Capital redemption reserve	26		112		112
Profit and loss reserves	27		2,486,221		3,006,071
Total equity			<u>2,636,607</u>		<u>3,156,457</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2023 and are signed on its behalf by:

Mr I M Timings
Director

Company registration number 00202442 (England and Wales)

J.H. LAVENDER (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		2,117,070		2,142,735
Investments	12		1,000		1,000
			<u>2,118,070</u>		<u>2,143,735</u>
Current assets					
Debtors	15	25,560		28,754	
Cash at bank and in hand		1,182		4,749	
		<u>26,742</u>		<u>33,503</u>	
Creditors: amounts falling due within one year	16	(207,868)		(196,138)	
Net current liabilities			<u>(181,126)</u>		<u>(162,635)</u>
Total assets less current liabilities			1,936,944		1,981,100
Creditors: amounts falling due after more than one year	17		(710,601)		(753,192)
Provisions for liabilities					
Deferred tax liability	20	5,583		11,900	
		<u>(5,583)</u>		<u>(11,900)</u>	
Net assets			<u>1,220,760</u>		<u>1,216,008</u>
Capital and reserves					
Called up share capital	23		3,527		3,527
Share premium account	24		160,833		160,833
Revaluation reserve	25		(14,086)		(14,086)
Capital redemption reserve	26		112		112
Profit and loss reserves	27		1,070,374		1,065,622
Total equity			<u>1,220,760</u>		<u>1,216,008</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,752 (2022 - £18,505 profit).

The financial statements were approved by the board of directors and authorised for issue on 19 December 2023 and are signed on its behalf by:

Mr I M Timings
Director

Company registration number 00202442 (England and Wales)

J.H. LAVENDER (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Own share	Profit and loss reserves	Total
	£	£	£	£	£	£	£
Balance at 1 November 2020	3,527	160,833	154,640	112	374,304	3,418,189	4,111,605
Period ended 31 March 2022:							
Loss for the period	-	-	-	-	-	(786,422)	(786,422)
Other comprehensive income:							
Revaluation of tangible fixed assets	-	-	(14,086)	-	-	-	(14,086)
Tax relating to other comprehensive income	-	-	36,274	-	-	-	36,274
Total comprehensive income for the period	-	-	22,188	-	-	(786,422)	(764,234)
Transfers	-	-	(190,914)	-	-	-	(190,914)
Other movements	-	-	-	-	(374,304)	374,304	-
Balance at 31 March 2022	3,527	160,833	(14,086)	112	-	3,006,071	3,156,457
Year ended 31 March 2023:							
Loss and total comprehensive income for the year	-	-	-	-	-	(519,850)	(519,850)
Balance at 31 March 2023	3,527	160,833	(14,086)	112	-	2,486,221	2,636,607

J.H. LAVENDER (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Own share	Profit and loss reserves	Total
	£	£	£	£	£	£	£
Balance at 1 November 2020	3,527	160,833	154,640	112	374,304	672,813	1,366,229
Period ended 31 March 2022:							
Profit for the period	-	-	-	-	-	18,505	18,505
Other comprehensive income:							
Revaluation of tangible fixed assets	-	-	(14,086)	-	-	-	(14,086)
Tax relating to other comprehensive income	-	-	36,274	-	-	-	36,274
Total comprehensive income for the period	-	-	22,188	-	-	18,505	40,693
Transfers	-	-	(190,914)	-	-	-	(190,914)
Other movements	-	-	-	-	(374,304)	374,304	-
Balance at 31 March 2022	3,527	160,833	(14,086)	112	-	1,065,622	1,216,008
Year ended 31 March 2023:							
Profit and total comprehensive income for the year	-	-	-	-	-	4,752	4,752
Balance at 31 March 2023	3,527	160,833	(14,086)	112	-	1,070,374	1,220,760

J.H. LAVENDER (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	30	497,099		1,282,460	
Interest paid		(250,685)		(137,972)	
Income taxes refunded		292,063		-	
Net cash inflow from operating activities		<u>538,477</u>		<u>1,144,488</u>	
Investing activities					
Purchase of tangible fixed assets		(326,778)		(946,984)	
Proceeds from disposal of tangible fixed assets		21,415		30,380	
Interest received		-		(39,293)	
Net cash used in investing activities		<u>(305,363)</u>		<u>(955,897)</u>	
Financing activities					
Proceeds from new bank loans		250,000		-	
Repayment of bank loans		(323,621)		(289,522)	
Payment of finance leases obligations		(167,936)		94,910	
Net cash used in financing activities		<u>(241,557)</u>		<u>(194,612)</u>	
Net decrease in cash and cash equivalents		<u>(8,443)</u>		<u>(6,021)</u>	
Cash and cash equivalents at beginning of year		24,389		30,410	
Cash and cash equivalents at end of year		<u><u>15,946</u></u>		<u><u>24,389</u></u>	

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

J. H. Lavender (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Hall Green Works, Crankhall Lane, West Bromwich, West Midlands, B71 3JZ.

The group consists of J. H. Lavender (Holdings) Limited and all of its subsidiaries.

1.1 Reporting period

The prior period financial statements are presented for a period that is longer than a year, for the 17 months ended 31 March 2022. The comparative amounts within the financial statements are not entirely comparable.

1.2 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

1.3 Business combinations

Investments in subsidiaries are accounted for at cost less impairment.

1.4 Basis of consolidation

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

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Going concern

The group loss before tax reported on 9 of the financial statements of £991,776 (2022: £523,802) and the net current liability position on page 11 of £872,500 (2022: £179,036) is reflective of a year that saw on-going supply chain delivery issues that continued for most of the 2022 calendar year and start of the 2023 calendar year along with the increase in the cost of factory consumables as inflation increased rapidly peaking at 11.1% in October 2022 and stood at 10.1% in March 2023, the end of the financial year.

In addition to spiralling production costs, from April 2022, there was also a 6.6% increase in the National Living Wage which had to be absorbed. Whilst none of the Group's employees are paid the NLW rate, the increase determines what the general pay award should be to ensure pay differentials are maintained. During the year there was a need to increase the labour force by over 35% to enable the business to service its increased order book. This proved to be an extremely difficult task to complete successfully and we were hampered by a distinct lack of skilled workers in our industry. Additional time and resources had to be found for the training and recruitment of both new and existing employees, which had a detrimental effect on our labour budget. This resulted in increased recruitment and training costs further exaggerated by a disappointing high turnover of employees during the process.

As we enter 2024, the Directors feel confident the solid foundation laid in the last 9 months of the 2023 calendar year will result in the company finally being able to exploit its true potential in terms of profitability and operational excellence. There are a considerable number of opportunity's under consideration combined with volume increases and a vast array of new projects on the horizon. Order increases have already been agreed and tooling opportunities are being explored.

New energy contracts commenced from 1 April 2023, during the first quarter of the 2023/24 year, the business completed its contract renewals. The increases were significant with power increasing 162% and gas increasing 382%. As these increases were clearly too significant for the business to absorb, the Directors approached all the company's customers to secure their support. Whilst the details of certain negotiations must remain confidential, the Board are pleased to be able to report that all our customers have accepted unit prices increases from 1 April 2023 to cover our additional costs in energy, labour and consumables.

Continued support is provided by HSBC plc to provide sufficient working capital to facilitate the growth in turnover and via asset finance and the Recovery Loan Scheme for capital expenditure, to allow for increases in capacity were required.

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

1.6 Turnover

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

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

1.7 Tangible fixed assets

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

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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

Freehold land and buildings	No depreciation
Plant and equipment	8% - 20% reducing balance
Fixtures and fittings	10% - 20% straight line and 8% - 33.3% reducing balance
Computers	33.3% reducing balance
Motor vehicles	33.3% reducing balance

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

Revaluation gains and losses

Revaluation gains/increases are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease/impairment that has previously been recognised in operating expenditure, in which case they are credited to expenditure to the extent of the decrease previously charged there. Revaluation losses/decreases that do not result from a loss of economic value or service potential are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to expenditure. Gains and losses recognised in the revaluation reserve are reported in the Profit and Loss account as an item of 'other comprehensive income'.

1.8 Fixed asset investments

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

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

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1.10 Stocks

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

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

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.11 Cash and cash equivalents

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

1.12 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

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

1.17 Leases

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

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

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

1.18 Government grants

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

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

2 Judgements and key sources of estimation uncertainty

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

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

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of parent's freehold land and buildings

This key judgement is in respect of reliably estimating the carrying value of the freehold land and buildings. The fair value of the land and buildings was most recently determined by Bruton Knowles LLP Chartered Surveyors in November 2022. All valuations were completed on the basis of fair value to comply with FRS102.

Their independent valuation has been carried out in accordance with Royal Institute of Chartered Surveyors - RICS Valuation - Global Standards (the 'Red Book'), and other relevant RICS guidance notes, by RICS qualified valuers.

3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Principal activity	11,923,580	12,957,806
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	10,482,143	10,727,347
Europe	1,379,431	2,195,431
Rest of world	62,006	35,028
	11,923,580	12,957,806
	2023	2022
	£	£
Other revenue		
Interest income	-	(39,293)
Grants received	-	237,882
Non-government grants received	10,811	4,037
Other income	-	5,719

4 Operating loss

	2023 £	2022 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	-	(237,882)
Depreciation of owned tangible fixed assets	332,251	429,709
Depreciation of tangible fixed assets held under finance leases	27,959	40,818
Profit on disposal of tangible fixed assets	(15,358)	(20,000)
Operating lease charges	28,334	26,037

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,950	3,700
Audit of the financial statements of the company's subsidiaries	14,450	9,500
	<u>18,400</u>	<u>13,200</u>

6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Production staff	79	56	-	-
Management and administration	23	23	-	-
Directors	4	4	4	4
Total	<u>106</u>	<u>83</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	3,494,361	3,697,600	-	-
Social security costs	380,866	401,614	-	-
Pension costs	145,830	188,316	-	-
	<u>4,021,057</u>	<u>4,287,530</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	407,399	543,824
Company pension contributions to defined contribution schemes	30,937	40,924
	<u>438,336</u>	<u>584,748</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023	2022
	£	£
Remuneration for qualifying services	190,559	265,557
Company pension contributions to defined contribution schemes	22,595	29,888
	<u>213,154</u>	<u>295,445</u>

8 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Other interest income	-	(39,293)
	<u>-</u>	<u>(39,293)</u>

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	107,160	60,948
Interest on invoice finance arrangements	122,520	49,240
Interest on finance leases and hire purchase contracts	13,835	20,683
Other interest	7,170	7,101
	<u>250,685</u>	<u>137,972</u>

10 Taxation

	2023	2022
	£	£
Current tax		
Adjustments in respect of prior periods	(323,407)	(292,063)
	<u>(323,407)</u>	<u>(292,063)</u>
Deferred tax		
Origination and reversal of timing differences	(148,519)	569,632
Tax losses carried forward	-	(14,949)
	<u>(148,519)</u>	<u>554,683</u>
Total deferred tax	<u>(148,519)</u>	<u>554,683</u>
Total tax (credit)/charge	<u>(471,926)</u>	<u>262,620</u>

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Taxation

(Continued)

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

	2023 £	2022 £
Loss before taxation	(991,776)	(523,802)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(188,437)	(99,522)
Tax effect of expenses that are not deductible in determining taxable profit	1,704	891
Tax effect of income not taxable in determining taxable profit	(2,054)	(41,001)
Unutilised tax losses carried forward	-	555,175
Change in unrecognised deferred tax assets	(135,000)	(13,644)
Adjustments in respect of prior years	(323,406)	(292,063)
Effect of change in corporation tax rate	194,693	190,795
Depreciation on assets not qualifying for tax allowances	4,224	5,130
Other permanent differences	(10,985)	3,247
Under/(over) provided in prior years	(1,985)	-
Deferred tax adjustments in respect of prior years	-	4,392
Enhanced capital allowances	(10,680)	(50,780)
Taxation (credit)/charge	(471,926)	262,620

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on:		
Revaluation of property	-	(36,274)

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible fixed assets

Group	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or valuation							
At 1 April 2022	2,188,871	98,241	8,679,355	364,751	329,514	44,388	11,705,120
Additions	-	139,401	181,860	1,276	4,241	-	326,778
Disposals	-	-	-	-	-	(22,888)	(22,888)
At 31 March 2023	2,188,871	237,642	8,861,215	366,027	333,755	21,500	12,009,010
Depreciation and impairment							
At 1 April 2022	193,871	-	4,826,393	213,668	297,877	25,002	5,556,811
Depreciation charged in the year	-	-	316,679	26,793	11,142	5,596	360,210
Eliminated in respect of disposals	-	-	-	-	-	(16,831)	(16,831)
At 31 March 2023	193,871	-	5,143,072	240,461	309,019	13,767	5,900,190
Carrying amount							
At 31 March 2023	1,995,000	237,642	3,718,143	125,566	24,736	7,733	6,108,820
At 31 March 2022	1,995,000	98,241	3,852,962	151,083	31,637	19,386	6,148,309

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Company	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2022 and 31 March 2023	2,188,871	301,323	2,490,194
Depreciation and impairment			
At 1 April 2022	193,871	153,588	347,459
Depreciation charged in the year	-	25,665	25,665
At 31 March 2023	193,871	179,253	373,124
Carrying amount			
At 31 March 2023	1,995,000	122,070	2,117,070
At 31 March 2022	1,995,000	147,735	2,142,735

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

	Group 2023 £	2022 £	Company 2023 £	2022 £
Plant and equipment	321,527	349,485	-	-
Motor vehicles	-	7,787	-	-
	321,527	357,272	-	-

The valuation of freehold property at 01 December 2022 was conducted by Bruton Knowles LLP. Previous valuations at 31 October 2020, 31 October 2019, and 1 November 2016 were conducted by Sellers Chartered Surveyors. Both are independent valuers who hold appropriate qualifications with relevant experience in this field.

The valuation was prepared in accordance with RICS Valuation - Global Standards.

The method used in determining the valuation of freehold land and buildings is the fair value as being: the price that would be received to see an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible fixed assets

(Continued)

		Freehold Land & Buildings	
		2023	2022
		£	£
Group			
Cost		2,345,056	2,345,056
Accumulated depreciation		(421,063)	(374,534)
Carrying value		1,923,993	1,970,522
Company			
Cost		2,345,056	2,345,056
Accumulated depreciation		(421,063)	(374,534)
Carrying value		1,923,993	1,970,522

12 Fixed asset investments

		Group	2022	Company	2022
		2023		2023	
		£	£	£	£
		Notes			
Investments in subsidiaries	13	-	-	1,000	1,000

Movements in fixed asset investments

		Shares in subsidiaries
		£
Cost or valuation		
At 1 April 2022 and 31 March 2023		1,000
Carrying amount		
At 31 March 2023		1,000
At 31 March 2022		1,000

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
J.H. Lavender & Company Limited	United Kingdom	Ordinary	100.00

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Raw materials and consumables	169,937	195,487	-	-
Work in progress	999,946	763,436	-	-
	<u>1,169,883</u>	<u>958,923</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	3,067,077	3,262,966	-	2
Corporation tax recoverable	323,407	292,063	-	-
Other debtors	2,385	2,385	-	-
Prepayments and accrued income	81,034	73,749	-	-
	<u>3,473,903</u>	<u>3,631,163</u>	<u>-</u>	<u>2</u>
Deferred tax asset (note 20)	160,560	28,752	25,560	28,752
	<u>3,634,463</u>	<u>3,659,915</u>	<u>25,560</u>	<u>28,754</u>

Included in the above trade debtors figure are balances totalling £2,857,778 (2022 - £2,288,417) that are subject to invoice finance arrangements. The trade debtor balances have been transferred to the counterparty, though the transaction does not qualify for derecognition on the basis that the late payment risk is retained by the company. The associated liability recognised in creditors amounts to £2,442,747 (2022 - £1,919,789).

16 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	18	361,144	312,144	31,401	30,945
Obligations under finance leases	19	56,822	162,214	-	-
Trade creditors		2,146,301	1,879,862	-	-
Amounts owed to group undertakings		-	-	168,054	158,054
Other taxation and social security		303,803	128,244	-	-
Government grants	21	4,453	4,037	4,453	4,037
Other creditors		2,499,032	1,999,459	10	335
Accruals and deferred income		321,237	336,303	3,950	2,767
		<u>5,692,792</u>	<u>4,822,263</u>	<u>207,868</u>	<u>196,138</u>

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	18	1,721,213	1,843,834	706,946	738,310
Obligations under finance leases	19	58,043	120,587	-	-
Government grants	21	3,655	14,882	3,655	14,882
		<u>1,782,911</u>	<u>1,979,303</u>	<u>710,601</u>	<u>753,192</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	598,909	691,664	568,606	605,162
	<u>598,909</u>	<u>691,664</u>	<u>568,606</u>	<u>605,162</u>

18 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	2,082,357	2,155,978	738,347	769,255
	<u>2,082,357</u>	<u>2,155,978</u>	<u>738,347</u>	<u>769,255</u>
Payable within one year	361,144	312,144	31,401	30,945
Payable after one year	1,721,213	1,843,834	706,946	738,310
	<u>1,721,213</u>	<u>1,843,834</u>	<u>706,946</u>	<u>738,310</u>

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

18 Loans and overdrafts

(Continued)

Secured debts - Group

The finance leases are secured by a chattels mortgage, dated 01/10/2010, and there is a legal assignment of contract monies, dated 26/03/2014, both with HSBC Asset Finance (UK) Ltd and HSBC Equipment Finance (UK) Ltd.

The invoice discounting account is secured by a fixed charge on non-vesting debts and floating charge, dated 22/09/2009, and a legal mortgage dated 05/04/2016, covering the property known as Hall Green Works, Crankhall Lane, West Bromwich, and other assets, both with HSBC Invoice Finance (UK) Limited.

The bank borrowings are further secured by a debenture with HSBC Bank Plc, dated 24/09/2009, a composite company unlimited multilateral unlimited guarantee with HSBC Plc dated 24/09/2009, a legal assignment of contract monies, with HSBC Bank Plc, dated 10/07/2012 and a chattels mortgage, against certain machinery, with HSBC Equipment Finance (UK) Ltd dated 16/01/2020.

All bank borrowings of the subsidiary company, J.H. Lavender & Company Limited, are secured with a legal mortgage with HSBC Bank Plc, dated 05/07/2012, on the freehold property known as Hall Green Works, Crankhall Lane, West Bromwich and a further legal mortgage with HSBC, dated 23/07/2012, on the freehold property at 128 Hall Green Road, Crankhall Lane, West Bromwich.

J. H. Lavender (Holdings) Limited holds a legal mortgage with HSBC Bank Plc for the land on the east side of Crankhall Lane, dated 03/11/2017, to secure the debt of its subsidiary J.H. Lavender & Company Limited.

A debenture comprising fixed and floating charges over all the assets and undertakings of J. H. Lavender (Holdings) Limited including all present and future and leasehold property, book and other debts, chattels goodwill uncalled capital, both present and future, is held with HSBC Bank Plc dated 18/12/2019.

The CBILS loan is also covered by a guarantee in favour of HSBC UK Bank Plc given by the directors guaranteeing all liabilities, limited to £100,000 in total.

Secured debts - Company

All bank borrowings of the subsidiary company, J.H. Lavender & Company Limited are secured with a legal mortgage with HSBC Bank Plc, dated 05/07/2012, on the freehold property known as Hall Green Works, Crankhall Lane, West Bromwich and a further legal mortgage with HSBC Bank Plc, dated 23/07/2012, on the freehold property at 128 Hall Green Road, Crankhall Lane, West Bromwich.

A legal mortgage with HSBC Invoice Finance (UK) Limited, dated 05/04/2016, covering the property known as Hall Green Works, Crankhall Lane, dated 03/11/2017, to secure the debt of its subsidiary J.H. Lavender & Company Limited.

A debenture comprising fixed and floating charges over all the assets and undertakings of J. H. Lavender (Holdings) Limited holds a legal mortgage with HCBs Bank Plc for the land on the east side of Crankhall Lane, dated 03/11/2017, to secure the debt of its subsidiary J.H. Lavender & Company Limited.

A debenture comprising fixed and floating charges over all the assets and undertakings of J. H. Lavender (Holdings) Limited including all present and future and leasehold property, book and other debts, chattels goodwill uncalled capital, both present and future, is held with HSBC Bank Plc dated 18/12/2019.

The CBILS loan had an initial repayment free period of 12 months from the date the loan was drawn. It is then repayable by equal instalments over 60 months with an interest rate of 3.99% per annum over the BoE base rate.

The bank loan is repayable within 5 years, and interest is charged on this loan at 2.95% per annum above the BoE base rate.

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Finance lease obligations

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Within one year	62,588	175,244	-	-
In two to five years	63,665	131,975	-	-
	<u>126,253</u>	<u>307,219</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(11,388)	(24,418)	-	-
	<u>114,865</u>	<u>282,801</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Group				
Accelerated capital allowances	816,802	833,513	-	-
Tax losses	-	-	135,000	28,752
Revaluations	-	-	25,560	-
	<u>816,802</u>	<u>833,513</u>	<u>160,560</u>	<u>28,752</u>
	<u>816,802</u>	<u>833,513</u>	<u>160,560</u>	<u>28,752</u>
	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Company				
Accelerated capital allowances	5,583	11,900	-	-
Tax losses	-	-	-	28,752
Revaluations	-	-	25,560	-
	<u>5,583</u>	<u>11,900</u>	<u>25,560</u>	<u>28,752</u>
	<u>5,583</u>	<u>11,900</u>	<u>25,560</u>	<u>28,752</u>

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Deferred taxation (Continued)

	Group 2023 £	Company 2023 £
Movements in the year:		
Liability/(Asset) at 1 April 2022	804,761	(16,852)
Credit to profit or loss	(148,519)	(3,125)
Liability/(Asset) at 31 March 2023	656,242	(19,977)

21 Government grants

	Group 2023 £	2022 £	Company 2023 £	2022 £
Arising from government grants	8,108	18,919	8,108	18,919
Deferred income is included in the financial statements as follows:				
Current liabilities	4,453	4,037	4,453	4,037
Non-current liabilities	3,655	14,882	3,655	14,882
	8,108	18,919	8,108	18,919

22 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	145,830	188,316

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

23 Share capital

Group and company	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	3,527	3,527	3,527	3,527

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

24 Share premium account

	Group 2023 £	2022 £	Company 2023 £	2022 £
At the beginning and end of the year	160,833	160,833	160,833	160,833

25 Revaluation reserve

	Group 2023 £	2022 £	Company 2023 £	2022 £
At the beginning of the year	(14,086)	154,640	(14,086)	154,640
Revaluation surplus arising in the year	-	(14,086)	-	(14,086)
Deferred tax on revaluation of tangible assets	-	36,274	-	36,274
Transfer to retained earnings	-	(190,914)	-	(190,914)
At the end of the year	(14,086)	(14,086)	(14,086)	(14,086)

26 Capital redemption reserve

	Group 2023 £	2022 £	Company 2023 £	2022 £
At the beginning and end of the year	112	112	112	112

27 Profit and loss reserves

	Group 2023 £	2022 £	Company 2023 £	2022 £
At the beginning of the year	3,006,071	3,418,189	1,065,622	672,813
Profit/(loss) for the year	(519,850)	(786,422)	4,752	18,505
Other movements	-	374,304	-	374,304
At the end of the year	2,486,221	3,006,071	1,070,374	1,065,622

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

28 Operating lease commitments

Lessee

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

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	128,782	38,017	-	-
Between two and five years	102,745	36,028	-	-
	<u>231,527</u>	<u>74,045</u>	<u>-</u>	<u>-</u>

29 Controlling party

The directors are regarded as controlling parties by virtue of their ability to act in concert in respect of the operations of the company.

30 Cash generated from group operations

	2023 £	2022 £
Loss for the year after tax	(519,850)	(786,422)
Adjustments for:		
Taxation (credited)/charged	(471,926)	262,620
Finance costs	250,685	137,972
Investment income	-	39,293
Gain on disposal of tangible fixed assets	(15,358)	(20,000)
Depreciation and impairment of tangible fixed assets	360,210	470,527
Movements in working capital:		
(Increase)/decrease in stocks	(210,960)	577,244
Decrease/(increase) in debtors	188,604	(1,995,616)
Increase in creditors	926,505	2,812,634
Decrease in deferred income	(10,811)	(215,792)
Cash generated from operations	<u>497,099</u>	<u>1,282,460</u>

J.H. LAVENDER (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

31 Analysis of changes in net debt - group

	1 April 2022	Cash flows	31 March 2023
	£	£	£
Cash at bank and in hand	24,389	(8,443)	15,946
Borrowings excluding overdrafts	(2,155,978)	73,621	(2,082,357)
Obligations under finance leases	(282,801)	167,936	(114,865)
	<u>(2,414,390)</u>	<u>233,114</u>	<u>(2,181,276)</u>

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