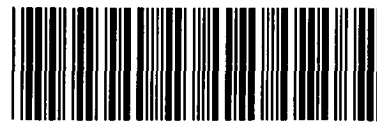


COMPANY REGISTRATION NUMBER: 837751

Hanson Family Holdings Limited
Consolidated Financial Statements
For the year ended
30 June 2019

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Hanson Family Holdings Limited

Financial Statements

Year ended 30 June 2019

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Hanson Family Holdings Limited

Officers and Professional Advisers

The Board of Directors	The Hon R W Hanson (Chairman) E R C Lewis
Registered office	7 Ashgrove Road Huddersfield HD2 1FQ
Auditor	Gibson Booth Chartered Accountants & Statutory Auditors New Court Abbey Road North Shepley Huddersfield HD8 8BJ
Bankers	HSBC 33 Park Row Leeds LS1 2JZ
Solicitors	Mishcon de Reya Summit House 12 Red Lion Square London WC1R 4QD

Hanson Family Holdings Limited

Strategic Report

Year ended 30 June 2019

Principal activities and business review

The Company's principal activities are the co-ordination of the group and the provision of management services for the subsidiary undertaking and other companies. The principal activities of the subsidiary undertaking during the period were to continue to provide warehousing, distribution, forwarding and agency services, site services management, repacking, blending and sampling.

In the last 12 months we have managed the uncertainty surrounding Brexit. Many customers increased their requirements for storage, and we accommodated all our existing customers requests. The pre-planning of increasing our warehouse capacity in the previous 12 months leading up to Brexit allowed us to manage these expectations.

Over the last 12 months we have received planning permission to add a further building to our site, we also intend to add further racking in our main warehouse. These two additions will increase our storage capacity by a further 10%.

We are in the process of pre-planning to develop the site further by demolishing an old existing building and replacing this with a new development. This will give us great opportunities to expand our storage facilities.

In the financial year we completed the fleet roll out of new HGV vehicles. All the vehicles have been manufactured to a very high specification (high space cabs, 3-way CCTV, full leather interiors, all modern appliances etc).

During the year we integrated Hanson Boxes into Hanson Logistics. Hanson Boxes was previously owned by the same shareholders after buying out the former joint venture partner. Hanson Boxes offer a wide range of plastic boxes, stackable containers, stack next containers and various other boxes all available in stock with next day delivery.

We have now completed our accreditation of ISO 45001, this adds to our existing accreditations, for example, ISO 9001, ISO 14001, BRC, CSSC. We also have numerous employees now qualified to IATA, RTITB, IMDG, NEBOSH and DGSA's. We believe having several qualified staff members in all areas very important to maintain high standards of service.

We continue our on-going planned preventative maintenance program by ensuring that those key areas such as sprinkler pumps, drainage, gas and electrical systems are maintained to a very high standard. We take preventative maintenance very seriously and believe that we should wherever possible have alternatives and backups in those key areas of concern.

During the year the Company made pension deficit payments into the Company Final Salary scheme (closed to new entrants in 1996) of circa £46k as recommended by the Actuary. A payment of £4k was also made to the Pension Protection Fund.

The Chairman and Shareholders have confirmed their continued support for the Business.

We would like to note our colleague William Lamarque died in June 2019 - his humour, guidance and wise counsel which we enjoyed over so many years are sadly missed.

Principal risks and uncertainties

Monitoring risk is a key objective of the Company and a full risk register and Disaster Recovery Plan are kept up to date. These cover all areas such as power cuts, IT disasters and access restrictions to site. We regularly check this plan by testing certain areas and making changes if required.

Other areas of risk to our business are mainly external risk factors, such as changes to legislation. These risks however we see as very low risk as we are more than capable of adapting to these over time.

We have a planned preventative maintenance programme in place to cover areas such as gas & electrical appliances, drains, gutters etc. which reduces the risk of business downtime.

This report was approved by the board of directors on 12/12/19 and signed on behalf of the board by:



E R C Lewis
Director

Registered office:
7 Ashgrove Road
Huddersfield
HD2 1FQ

Hanson Family Holdings Limited

Directors' Report

Year ended 30 June 2019

The directors present their report and the financial statements of the group for the year ended 30 June 2019.

Directors

The directors who served the company during the year were as follows:

The Hon R W Hanson (Chairman)
E R C Lewis

Dividends

The directors do not recommend the payment of a dividend.

Future developments

As previously mentioned, we are in the process of pre-planning for a new development on site. This new building will have an overall footprint of 90,000 sq. ft and will give us more diverse options for growth, as well as increase our existing opportunities.

Financial risk management

New customers are subject to credit checking and submission of trade references to ensure that they are commercially viable and do not pose a bad debt risk to the company. Credit limits are set for customers where possible thus insuring against the risk of insolvency.

The Company's believes that any financial risks are now very small and only commercial risks become a factor. These risks are managed by our experienced management team on a day to day basis.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 12/12/19 and signed on behalf of the board by:



E R C Lewis
Director

Registered office:
7 Ashgrove Road
Huddersfield
HD2 1FQ

Hanson Family Holdings Limited

Directors' Responsibilities Statement

Year ended 30 June 2019

The directors are responsible for preparing the strategic report, directors' 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 the company and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hanson Family Holdings Limited

Independent Auditor's Report to the Members of Hanson Family Holdings Limited

Year ended 30 June 2019

Opinion

We have audited the financial statements of Hanson Family Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent company's affairs as at 30 June 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;
- 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 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

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 or the parent 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 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. 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.

Hanson Family Holdings Limited

Independent Auditor's Report to the Members of Hanson Family Holdings Limited (*continued*)

Year ended 30 June 2019

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.


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 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.



Alistair Russell FCA (Senior Statutory Auditor)

For and on behalf of
Gibson Booth
Chartered Accountants & Statutory Auditors
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

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Hanson Family Holdings Limited

Consolidated Statement of Comprehensive Income

Year ended 30 June 2019

		2019 £	2018 £
Turnover	Note 4	4,238,683	4,344,441
Cost of sales		(2,600,547)	(2,803,550)
Gross profit		1,638,136	1,540,891
Administrative expenses		(1,432,182)	(1,381,933)
Operating profit	5	205,954	158,958
Interest payable and similar expenses	9	(58,664)	(42,805)
Profit before taxation		147,290	116,153
Tax on profit	10	—	—
Profit for the financial year		147,290	116,153
Revaluation of tangible assets		—	630,276
Remeasurement of the defined benefit pension plan liability		(110,000)	(231,000)
Other comprehensive income for the year		(110,000)	399,276
Total comprehensive income for the year		37,290	515,429

All the activities of the group are from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

Hanson Family Holdings Limited

Consolidated Statement of Financial Position

30 June 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	4,041,996	3,898,802
Current assets			
Stocks	13	128,613	121,149
Debtors	14	926,066	925,160
Cash at bank and in hand		15,733	5,720
		<u>1,070,412</u>	<u>1,052,029</u>
Creditors: amounts falling due within one year	16	(1,792,685)	(1,712,645)
Net current liabilities		<u>(722,273)</u>	<u>(660,616)</u>
Total assets less current liabilities		3,319,723	3,238,186
Creditors: amounts falling due after more than one year	17	(729,811)	(722,704)
Provisions			
Other provisions	19	(31,706)	(31,566)
Net assets excluding defined benefit pension plan liability		<u>2,558,206</u>	<u>2,483,916</u>
Defined benefit pension plan liability	20	(790,000)	(753,000)
Net assets including defined benefit pension plan liability		<u><u>1,768,206</u></u>	<u><u>1,730,916</u></u>
Capital and reserves			
Called up share capital	21	1,650,000	1,650,000
Revaluation reserve	22	1,005,716	1,005,716
Other reserves, including the fair value reserve	22	362,084	362,084
Profit and loss account	22	(1,249,594)	(1,286,884)
Shareholders funds		<u><u>1,768,206</u></u>	<u><u>1,730,916</u></u>

These financial statements were approved by the board of directors and authorised for issue on 12/12/19, and are signed on behalf of the board by:



E R C Lewis
Director

Company registration number: 837751

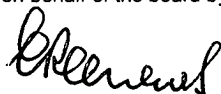
The notes on pages 13 to 23 form part of these financial statements.

Hanson Family Holdings Limited**Company Statement of Financial Position****30 June 2019**

	Note	2019 £	2018 £
Fixed assets			
Investments	12	2,107,026	2,070,610
Current assets			
Debtors	14	52,371	51,816
Cash at bank and in hand		414	105
		<u>52,785</u>	<u>51,921</u>
Creditors: amounts falling due within one year	16	<u>(392,027)</u>	<u>(392,027)</u>
Net current liabilities		<u>(339,242)</u>	<u>(340,106)</u>
Total assets less current liabilities		<u>1,767,784</u>	<u>1,730,504</u>
Net assets		<u>1,767,784</u>	<u>1,730,504</u>
Capital and reserves			
Called up share capital	21	1,650,000	1,650,000
Profit and loss account	22	<u>117,784</u>	<u>80,504</u>
Shareholders funds		<u>1,767,784</u>	<u>1,730,504</u>

The profit for the financial year of the parent company was £37,280 (2018: £490,687).

These financial statements were approved by the board of directors and authorised for issue on 12/12/19, and are signed on behalf of the board by:



E R C Lewis
Director

Company registration number: 837751

The notes on pages 13 to 23 form part of these financial statements.

Hanson Family Holdings Limited

Consolidated Statement of Changes in Equity

Year ended 30 June 2019

		Called up share capital £	Revaluation reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Total £
	Note					
At 1 July 2017		1,650,000	375,440	362,084	(1,172,037)	1,215,487
Profit for the year					116,153	116,153
Other comprehensive income for the year:						
Revaluation of tangible assets	11	–	630,276	–	–	630,276
Remeasurement of the net defined benefit plan	20	–	–	–	(231,000)	(231,000)
Total comprehensive income for the year		–	630,276	–	(114,847)	515,429
At 30 June 2018		1,650,000	1,005,716	362,084	(1,286,884)	1,730,916
Profit for the year					147,290	147,290
Other comprehensive income for the year:						
Remeasurement of the net defined benefit plan	20	–	–	–	(110,000)	(110,000)
Total comprehensive income for the year		–	–	–	37,290	37,290
At 30 June 2019		<u>1,650,000</u>	<u>1,005,716</u>	<u>362,084</u>	<u>(1,249,594)</u>	<u>1,768,206</u>

The notes on pages 13 to 23 form part of these financial statements.

Hanson Family Holdings Limited**Company Statement of Changes in Equity****Year ended 30 June 2019**

	Called up share capital £	Profit and loss account £	Total £
At 1 July 2017	1,650,000	(410,183)	1,239,817
Profit for the year		490,687	490,687
Total comprehensive income for the year	—	490,687	490,687
At 30 June 2018	1,650,000	80,504	1,730,504
Profit for the year		37,280	37,280
Total comprehensive income for the year	—	37,280	37,280
At 30 June 2019	<u>1,650,000</u>	<u>117,784</u>	<u>1,767,784</u>

The notes on pages 13 to 23 form part of these financial statements.

Hanson Family Holdings Limited

Consolidated Statement of Cash Flows

Year ended 30 June 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the financial year		147,290	116,153
<i>Adjustments for:</i>			
Depreciation of tangible assets		213,854	194,681
Interest payable and similar expenses		58,664	42,805
Loss on disposal of tangible assets		1,993	28
Defined benefit pension plan employer contributions		(95,000)	(80,000)
Accrued expenses		4,850	56,050
Provision for service cost of defined benefit pension scheme		2,000	4,000
<i>Changes in:</i>			
Stocks		(7,464)	14,627
Trade and other debtors		(906)	(75,643)
Trade and other creditors		(15,708)	(8,259)
Provisions and employee benefits		140	9,895
Cash generated from operations		309,713	274,337
Interest paid		(38,664)	(26,805)
Net cash from operating activities		<u>271,049</u>	<u>247,532</u>
Cash flows from investing activities			
Purchase of tangible assets		(112,711)	(84,889)
Proceeds from sale of tangible assets		18,270	50
Net cash used in investing activities		<u>(94,441)</u>	<u>(84,839)</u>
Cash flows from financing activities			
Proceeds from borrowings		(87,359)	92,000
Repayments of borrowings		—	(73,812)
Payments of finance lease liabilities		(104,243)	(70,164)
Net cash used in financing activities		<u>(191,602)</u>	<u>(51,976)</u>
Net (decrease)/increase in cash and cash equivalents		(14,994)	110,717
Cash and cash equivalents at beginning of year		(292,991)	(403,708)
Cash and cash equivalents at end of year	15	<u>(307,985)</u>	<u>(292,991)</u>

The notes on pages 13 to 23 form part of these financial statements.

Hanson Family Holdings Limited

Notes to the Financial Statements

Year ended 30 June 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 7 Ashgrove Road, Huddersfield, HD2 1FQ. The principal activities of the company are the co-ordination of the group and the provision of management services for the subsidiary undertaking and other companies.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and in accordance with the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention; as modified by the revaluation of certain fixed assets to fair value. The financial statements are prepared in sterling, which is the functional currency of the entity and rounded to the nearest £. The significant accounting policies consistently applied in the preparation of these financial statements are set out below.

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the disclosure exemptions available under paragraph 1.12 of FRS 102 and no cash flow statement has been presented for the company.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings, together with the group's share of the net assets and results of associated and joint venture undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

No significant judgements have been made in the process of applying the entity's accounting policies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other 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 as follows:

Defined benefit pension scheme

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation are determined using actuarial valuations which make assumptions about a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. These factors are estimated in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the tangible assets, and note 3 for the depreciation rates used for each class of assets.

3. Accounting policies (*continued*)

Accruals and prepayments

The company accrues income and expenses based on matching revenues and costs that result from the same transactions or events. The level of revenue or cost attached to each transaction or event is reviewed regularly by management.

Revenue recognition

Turnover represents amounts invoiced during the year, exclusive of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	-	Equal instalments over 50 years
Plant and machinery	-	Equal instalments over 5 to 10 years
Motor vehicles	-	Equal instalments over 2 to 6 years

Investments in subsidiary undertakings

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks, comprising road fuel, are stated at purchase cost on a first-in, first-out basis.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Hanson Family Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

3. Accounting policies (continued)

Provisions (continued)

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Pension costs

The group operates both a defined benefit and a defined contribution pension scheme for employees.

The assets of the defined benefit scheme are held separately from those of the group. The scheme's assets are valued at fair value at the balance sheet date. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using the discount rate equivalent to the current rate of return on a high quality corporate bond.

The pension scheme deficit is recognised in full on the balance sheet.

The service cost of providing pension and other post-retirement benefits to employees for the period is charged to the operating profit or loss in the period. The full cost of providing amendments to benefits in respect of past service is also charged to the operating profit or loss in the period.

A net interest expenses, based on the net defined benefit, is recognised in the profit and loss account. Pension scheme assets are measured using fair value. Scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Differences between actual and expected returns on assets during the period are recognised as other comprehensive income in the period, together with differences from changes in assumptions. The net deficit on defined benefit schemes is reported on the balance sheet within the pension liability. This is net of related deferred tax.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

4. Turnover

Turnover arises from:

	2019 £	2018 £
Sale of goods	329,109	393,335
Rendering of services	3,909,574	3,951,106
	<u>4,238,683</u>	<u>4,344,441</u>

All turnover was generated in the United Kingdom from the activities of providing distribution, warehousing services, the contracting out of commercial vehicles and the sale of storage boxes.

5. Operating profit

Operating profit or loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	213,854	194,681
Loss on disposal of tangible assets	1,993	28
Operating lease costs	<u>79,696</u>	<u>83,735</u>

Hanson Family Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

6. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>2,000</u>	<u>2,000</u>

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2019 No.	2018 No.
Distribution services and hiring out commercial vehicles	<u>70</u>	<u>70</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019 £	2018 £
Wages and salaries	1,826,300	1,881,419
Social security costs	180,102	180,643
Other pension costs	59,473	68,202
	<u>2,065,875</u>	<u>2,130,264</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019 £	2018 £
Remuneration	<u>8,830</u>	<u>7,650</u>

9. Interest payable and similar expenses

	2019 £	2018 £
Interest on banks loans and overdrafts	11,200	10,179
Interest on obligations under hire purchase contracts	27,464	16,626
Net finance costs in respect of defined benefit pension plans	20,000	16,000
	<u>58,664</u>	<u>42,805</u>

10. Tax on profit

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit on ordinary activities before taxation	<u>147,290</u>	<u>116,153</u>
Profit on ordinary activities by rate of tax	27,321	22,069
Effect of expenses not deductible for tax purposes	6,767	3,245
Effect of capital allowances and depreciation	(46,976)	(21,922)
Other timing difference	(13,870)	(11,400)
Unused tax losses	<u>26,758</u>	<u>8,008</u>
Tax on profit	<u>-</u>	<u>-</u>

Factors that may affect future tax income

The group has tax losses of approximately £5.4m (2018 - £5.3m) to utilise against future trading profits.

Hanson Family Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

11. Tangible assets

Group	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 July 2018	3,140,000	1,250,885	756,504	5,147,389
Additions	—	82,011	295,300	377,311
Disposals	—	—	(144,950)	(144,950)
At 30 June 2019	3,140,000	1,332,896	906,854	5,379,750
Depreciation				
At 1 July 2018	—	902,205	346,382	1,248,587
Charge for the year	36,276	69,748	107,830	213,854
Disposals	—	—	(124,687)	(124,687)
At 30 June 2019	36,276	971,953	329,525	1,337,754
Carrying amount				
At 30 June 2019	3,103,724	360,943	577,329	4,041,996
At 30 June 2018	3,140,000	348,680	410,122	3,898,802

The company has no tangible assets.

Tangible assets held at valuation

The long leasehold land and buildings were revalued on 20 June 2018 on the fair value basis in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors by external valuers, Eddisons Commercial Chartered Surveyors. The directors consider that there had been no material change to the fair value of the long leasehold land and buildings at 30 June 2019.

Included in the net book value of leasehold land and buildings is £1,325,000 (2018: £1,325,000) relating to non-depreciable land.

In respect of tangible assets held at valuation, aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group	Leasehold property £
At 30 June 2019	
Aggregate cost	3,102,141
Aggregate depreciation	(1,241,251)
Carrying value	1,860,890
At 30 June 2018	
Aggregate cost	3,102,141
Aggregate depreciation	(1,181,638)
Carrying value	1,920,503

Hire purchase agreements

Included within the carrying value of tangible assets are the following amounts relating to assets held under hire purchase agreements:

Group	Motor vehicles £
At 30 June 2019	555,744
At 30 June 2018	340,026

Hanson Family Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

12. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 July 2018 and 30 June 2019	<u>2,846,916</u>
Impairment	
At 1 July 2018	776,306
Reversal of impairment losses	(36,416)
At 30 June 2019	<u>739,890</u>
Carrying amount	
At 30 June 2019	<u>2,107,026</u>
At 30 June 2018	<u>2,070,610</u>

The company owns 100% of the ordinary issued share capital of Hanson Logistics Limited and Hanson Boxes Limited. The registered office of both these companies is 7 Ashgrove Road, Huddersfield, HD2 1FQ.

13. Stocks

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
PPE stock	82,769	78,222	–	–
Road fuel	18,895	18,215	–	–
Warehouse materials	26,949	24,712	–	–
	<u>128,613</u>	<u>121,149</u>	<u>–</u>	<u>–</u>

14. Debtors

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	614,282	694,774	–	–
Amounts owed by group undertakings	–	–	49,372	51,217
Prepayments and accrued income	243,659	193,023	2,999	599
Other debtors	68,125	37,363	–	–
	<u>926,066</u>	<u>925,160</u>	<u>52,371</u>	<u>51,816</u>

15. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2019 £	2018 £
Cash at bank and in hand	15,733	5,720
Bank overdrafts	(323,718)	(298,711)
	<u>(307,985)</u>	<u>(292,991)</u>

Hanson Family Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

16. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	413,735	372,544	—	—
Trade creditors	284,605	335,843	—	—
Accruals and deferred income	136,180	131,330	2,025	2,025
Social security and other taxes	169,998	167,179	—	—
Obligations under hire purchase contracts	124,565	74,858	—	—
Director's current account	320,441	320,441	213,660	213,659
Other creditors	343,161	310,450	176,342	176,343
	<u>1,792,685</u>	<u>1,712,645</u>	<u>392,027</u>	<u>392,027</u>

The bank borrowings are secured on the leasehold land and buildings.

Hire purchase contracts are secured on the assets to which the agreements relate.

Included within other creditors is £71,380 (2018: £39,247) relating to outstanding contributions payable to the pension scheme.

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	414,513	518,056	—	—
Obligations under hire purchase contracts	315,298	204,648	—	—
	<u>729,811</u>	<u>722,704</u>	<u>—</u>	<u>—</u>

Included within creditors: amounts falling due after more than one year is an amount of £95,947 (2018: £155,168) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

18. Hire purchase agreements

The total future minimum lease payments under hire purchase contracts are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Not later than 1 year	138,902	81,531	—	—
Later than 1 year and not later than 5 years	338,663	222,573	—	—
	<u>477,565</u>	<u>304,104</u>	<u>—</u>	<u>—</u>
Less: future finance charges	(37,702)	(24,598)	—	—
Present value of minimum lease payments	<u>439,863</u>	<u>279,506</u>	<u>—</u>	<u>—</u>

19. Provisions

Group	Site provisions
	£
At 1 July 2018	31,566
Additions	45,835
Charge against provision	(45,695)
At 30 June 2019	<u>31,706</u>

Hanson Family Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

19. Provisions (continued)

The site provisions are in place to ensure that repairs and maintenance and health and safety expenditure are recorded evenly over the period that they occur.

The company does not have any provisions.

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £57,473 (2018: £64,202).

Defined benefit plans

The group operates a defined benefit pension scheme in the United Kingdom whose assets are independent of the group's finances. The scheme is based upon employees' final pay and is funded by contributions from the employees and the employing company over the period of the employees' service. A full actuarial valuation is being carried out at 30 June 2018 and the preliminary results of this valuation were updated to 30 June 2019 by a qualified actuary, independent of the scheme's sponsoring employer.

The most recent completed actuarial valuation of the scheme was at 30 June 2015, and showed a deficit of £1,328,000. The employer has agreed with the trustees that it will aim to eliminate the deficit over a period of 16 years and 8 months from 1 October 2016 by the payment of deficit contributions of £3,500 per month, increasing at 5% per annum with the first increase on 1 October 2017. In addition, the employer has agreed with the trustees that it will pay 40.61% of pensionable earnings in respect of the cost of accruing benefits and will meet expenses of the scheme and levies to the Pension Protection Fund. In addition, the employer will also pay contributions dependent on the profit levels of the company. Member contributions are payable in addition at the rate of 3.0% of pensionable pay.

The last active member ceased accruing benefits in the scheme in October 2018. Therefore no further pensionable earnings related contributions are payable after that date.

The scheme has been closed to new members from 1 July 1996. As a consequence the current service cost under the projected unit method can be expected to increase over time, as the average age of the membership increases.

The statement of financial position net defined benefit liability is determined as follows:

	2019 £	2018 £
Present value of defined benefit obligations	(3,725,000)	(3,747,000)
Fair value of plan assets	2,935,000	2,994,000
	<u>(790,000)</u>	<u>(753,000)</u>

Changes in the present value of the defined benefit obligations are as follows:

	2019 £
At 1 July 2018	3,747,000
Current service cost	2,000
Interest expense	99,000
Benefits paid	(198,000)
Remeasurements:	
Actuarial gains and losses	75,000
At 30 June 2019	<u>3,725,000</u>

Hanson Family Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

20. Employee benefits (continued)

Changes in the fair value of plan assets are as follows:

	2019 £
At 1 July 2018	2,994,000
Interest income	79,000
Benefits paid	(198,000)
Contributions by employer	95,000
Remeasurements:	
Return on plan assets, excluding amount included in interest income	(35,000)
At 30 June 2019	2,935,000

The total costs for the year in relation to defined benefit plans are as follows:

	2019 £	2018 £
Recognised in profit or loss:		
Current service cost	2,000	4,000
Net interest expense	20,000	16,000
	<u>22,000</u>	<u>20,000</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	(75,000)	(295,000)
Return on plan assets, excluding amounts included in net interest	(35,000)	64,000
	<u>(110,000)</u>	<u>(231,000)</u>

The fair value of the major categories of plan assets are as follows:

	2019 £	2018 £
Equity instruments	1,727,000	2,034,000
Debt instruments	482,000	394,000
Property	61,000	55,000
Cash	160,000	105,000
Multi-asset funds	505,000	406,000
	<u>2,935,000</u>	<u>2,994,000</u>

None of the fair values of the assets shown above include any of the group's own financial instruments or any property occupied by, or other assets used by the group.

The return on plan assets are as follows:

	2019 £	2018 £
Return on assets of benefit plan	<u>44,000</u>	<u>149,000</u>

The principal actuarial assumptions as at the statement of financial position date were:

	2019 %	2018 %
Discount rate	2.40	2.70
Expected rate of salary increase	—	2.60
Expected rate of increase in pensions	3.00	3.00
Inflation assumption	3.10	3.10
Life expectancy at age 65 (years) - male retiring in 2016	20.20	20.60
Life expectancy at age 65 (years) - female retiring in 2016	22.10	22.50
Life expectancy at age 65 (years) - male retiring in 2036	21.30	21.70
Life expectancy at age 65 (years) - female retiring in 2036	<u>23.40</u>	<u>23.70</u>

Hanson Family Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

21. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,650,000</u>	<u>1,650,000.00</u>	<u>1,650,000</u>	<u>1,650,000.00</u>

22. Reserves

Revaluation reserve - this reserve records movements on the valuation of the long leasehold property.

Other reserves - this represents a reserve arising on consolidation.

Profit and loss account - this reserve records retained earnings and accumulated losses net of dividends and other adjustments.

23. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Not later than 1 year	85,233	75,098	-	-
Later than 1 year and not later than 5 years	<u>153,727</u>	<u>186,678</u>	<u>-</u>	<u>-</u>
	<u>238,960</u>	<u>261,776</u>	<u>-</u>	<u>-</u>

24. Related party transactions

Group

Information about related party transactions and outstanding balances is outlined below:

Entities under common control

	2019	2018
	£	£
Sales	29,000	30,000

Key management personnel

	2019	2018
	£	£
Creditor	320,441	320,441

Other related parties

	2019	2018
	£	£
Creditor	245,530	245,530

Balances due to key management personnel and other related parties are unsecured, interest free and repayable on demand.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £389,653 (2018: £354,139).

Hanson Family Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

24. Related party transactions *(continued)*

Company

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of section 33 of FRS 102, Related party disclosures, from disclosing transactions with other wholly owned members of the group headed by Hanson Family Holdings Limited.

Information about related party transactions and outstanding balances is outlined below:

Key management personnel

	2019 £	2018 £
Creditor	213,660	213,659

Other related parties

	2019 £	2018 £
Creditor	176,290	176,290

Balances due to key management personnel and other related parties are unsecured, interest free and repayable on demand.

25. Controlling party

In the directors' opinion the company's ultimate controlling parties are The Honourable R W Hanson and the Estate of J B Hanson.