
C.P. HART & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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C.P. HART & SONS LIMITED

COMPANY INFORMATION

Directors

N J Fisher
R Martin
A J Merriman
K J Newman
K M Ohle
R H Reynolds
P Rowland

Company secretary

A J Merriman

Registered number

00889832

Registered office

Unit 40, Charles Park
Claire Causeway
Dartford
Kent
DA2 6QA

Independent auditors

Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
3rd Floor
Maya House
134-138 Borough High Street
London
SE1 1LB

Bankers

National Westminster Bank Plc
23 Hall Quay
Great Yarmouth
Norfolk
NR30 1HQ

C.P. HART & SONS LIMITED

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C.P. HART & SONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their strategic report accompanying the financial statements for the year ended 31 December 2021.

Business review

The company remains focused on the premium segment of the UK bathroom products market.

During 2021 the company continued to upgrade its showrooms, increase its contract sales, mainly in the hospitality and residential property sectors, and develop its online sales platform. Covid-19 related showroom closures and global supply chain disruption were the main factors affecting performance in 2021. Looking into 2022, the events in Ukraine and the disruption that these bring, will have a further impact. Sales increased to £42.1m (2020: £37.2m) and there was a profit before tax of £2.13m (2020: £524k). The directors acknowledge the contribution provided by Her Majesty's government in terms of rates relief and the job support scheme.

Principal risks and uncertainties

The main business risks and uncertainties affecting the company relate to market conditions in the UK housing market and the overall UK economy which continue to be affected by import and export supply chain challenges and increasing interest rates and inflation. Other key risks are:

Pandemic Risk

The Covid-19 pandemic depressed trading in 2020 and 2021. The outlook for 2022 is more positive but the possibility of new variants, leading to further restrictions, cannot be discounted.

Price Risk

The company operates in a competitive market. Remaining competitive with its pricing remains a core challenge for the company. There is an increased inflation rate that the bathroom industry is encountering, but this cost is passed on as the branded manufacturers' raise their retail prices.

Currency Risk

The company makes purchases from suppliers whose invoices are denominated in currencies other than sterling. The most frequently used currency other than sterling is the Euro and any currency fluctuation is transferred to the profit and loss account. Forward contracts are taken out as required to mitigate these risks.

Credit Risk

The principal credit risk of the company arises from trade debtors and the company manages closely its exposure to bad debts by strong credit control, credit insurance and credit checks for new accounts.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The company policy throughout the year has been to hold cash balances in readily accessible cash deposits.

C.P. HART & SONS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial key performance indicators

The directors are of the opinion that monthly management accounts, functional board reports and performance indicators are adequate for an understanding of the development, performance and position of the business.

Future Developments

The company plans to continue with its principal activity. The main aim remains to achieve its vision and values, thereby increasing turnover and profitability.

Directors' statement of compliance with duty to promote the success of the company

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

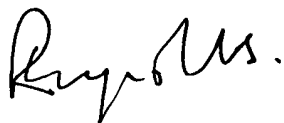
- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company, (the "s.172(1) Matters"). Induction materials provided on appointment include an explanation of Directors' duties, and the Board is regularly reminded of the s.172(1) matters.

The key matters that are consistently prevalent in the decision-making process include:

- ensuring corporate governance policies are adhered to,
- long term objectives of the company;
- setting the right culture at Board level and throughout the subsidiaries of the group; and
- increasing shareholder value.

All the above are the forefront of all decision-making processes.

This report was approved by the board on 23/03/2022 and signed on its behalf.



R H Reynolds
Director

C.P. HART & SONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

C. P. Hart & Sons Limited ("the company") continues to operate as an importer, distributor and retailer of premium sector bathroom fittings and furniture.

Results and dividends

The profit for the year, after taxation, amounted to £1,779,821 (2020 - £407,488).

The company paid dividends during the year of £2,183,000 (2020: £Nil), this was in part to clear an overdraft that had built up in the holding company.

Directors

The directors who served during the year were:

N J Fisher
R Martin
A J Merriman
K J Newman
K M Ohle
R H Reynolds
P Rowland

C.P. HART & SONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Company Vision

To be the UK's first choice premium bathroom product supplier, known by all for its market leading design and customer service and quality standards.

Through our people, products and service we will continue to lead the UK premium bathroom market. C P Hart & Sons Ltd is a successful business that inspires loyalty from colleagues, customers and suppliers by what it says and, above all, by what it does: we aim to do well but also to do good.

Company Values

Our core values, the ones that govern the way we behave, are just 3:

Put Customers First

If we do everything possible to satisfy our customers, they will become loyal; but they will also tell others. Acquiring and keeping customers is what will make our business succeed, above all else.

Get it right, first time

The main way to keep customers, colleagues and suppliers content is to avoid mistakes. Mistakes cost a lot of money and create dissatisfaction. In every department throughout the business our ambition must be to do things right, first time. When problems do arise, we will take personal responsibility to solve them quickly.

Win as a Team

However strong an individual is, he or she will never be as effective as the overall team. We must respect each other's contributions, recognise the many demands others face, not just our own, and do everything we can to help each other. We do not tolerate any form of discrimination, harassment, or abuse of positional power. We will provide continuing personal development and career progression for our ambitious and committed employees.

Employee involvement

C P Hart & Sons Ltd is an equal opportunity employer, dedicated to the continuous professional development of its employees and whenever possible to career progression from within the company. Recruitment and progression are determined by objective standards and personal merit. We invest in training and personal development at all levels. No applicant or colleague will be treated less favourable than another on grounds of age, race, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

Engagement with suppliers, customers and others

The Company takes any involvement with its suppliers, customers and other third parties seriously. Any material issues are addressed by the board.

C.P. HART & SONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

General Data Protection Regulation (GDPR)

The company is aware of its obligations under GDPR and has taken steps to meet legislative requirements.

Environmental Matters

The company considers compliance with current environmental legislation and the adoption of responsible standards as an integral part of its business operations. The company is also committed to introducing new measures to limit any adverse effects its business operations may have on the environment and promotes best practice in accordance with latest guidance.

Emissions and Energy Consumption

During the year, the Company emitted 49 tonnes of CO₂e from activities involving the consumption of fuel for the purposes of transport, 235 tonnes of CO₂e from the purchase of electricity for its own use and 23 tonnes of CO₂e from the purchase of gas for its own use. In aggregate it consumed 1.75 million kWh of energy. Greenhouse gas emissions were calculated using the UK Government GHG Conversion Factors for Company Reporting 2020. Energy usage data was gathered from a variety of sources, including fuel card data for transport and utility bills for gas and electricity. The Company's intensity ratio, expressed as tonnes of CO₂e per total £m of sales revenue, is 7.33 (2020: 8.99).

Disclosure of information to auditors

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

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

Post balance sheet events

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

This report was approved by the board on 23/03/2022 and signed on its behalf.



R H Reynolds
Director

C.P. HART & SONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C.P. HART & SONS LIMITED

Opinion

We have audited the financial statements of C.P. HART & SONS LIMITED (the 'company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 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.

C.P. HART & SONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C.P. HART & SONS LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C.P. HART & SONS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with law and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussion with directors and other management, and from our commercial knowledge and experience of the retail sector that the company operates in;
- 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;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, reviewing board minutes and relevant correspondence; and
- Laws and regulations were communicated within the audit team at the planning meeting, and during the audit as any further laws and regulation were identified. The audit team remained alert to instances of non compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by:

- Making enquires of management as to where they consider there was susceptibility to fraud, their knowledge of actual suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Our review of financial statements and testing the disclosures against supporting documentation.

To address the risk of fraud through management bias and override of controls we:

- Performed analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspected and tested journal entries to identify unusual or unexpected transactions;
- Assessed whether judgement and assumptions made in determining significant accounting estimates, including stock provisions and the useful economic life of tangible fixed assets, were indicative of management bias; and
- Investigated the rationale behind significant transactions, or transactions that are unusual or outside the company's usual course of business.

C.P. HART & SONS LIMITED

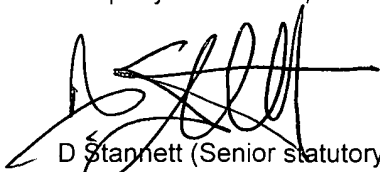
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C.P. HART & SONS LIMITED (CONTINUED)

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

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

Use of our report

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



D Stannett (Senior statutory auditor)
for and on behalf of

Barnes Roffe LLP

Chartered Accountants & Statutory Auditor

3rd Floor

Maya House

134-138 Borough High Street

London

SE1 1LB

Date: 24th March 2022

C.P. HART & SONS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	42,071,048	37,237,471
Cost of sales		(25,592,318)	(22,940,091)
Gross profit		16,478,730	14,297,380
Distribution costs		(11,846,487)	(10,695,772)
Administrative expenses		(2,799,340)	(3,161,179)
Other operating income	5	303,752	234,524
Exceptional item	14	-	(151,084)
Operating profit	6	2,136,655	523,869
Interest receivable and similar income	10	10,939	20,036
Interest payable and similar expenses	11	(1,374)	(19,655)
Profit before tax		2,146,220	524,250
Tax on profit	12	(366,399)	(116,762)
Profit for the financial year		1,779,821	407,488

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

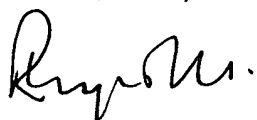
The notes on pages 13 to 29 form part of these financial statements.

C.P. HART & SONS LIMITED
REGISTERED NUMBER: 00889832

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	2,481,994	1,966,568
		<u>2,481,994</u>	<u>1,966,568</u>
Current assets			
Stocks	17	6,392,596	5,538,935
Debtors: amounts falling due within one year	18	5,740,072	5,863,230
Cash at bank and in hand	19	10,300,712	10,511,095
		<u>22,433,380</u>	<u>21,913,260</u>
Creditors: amounts falling due within one year	20	(15,552,843)	(14,023,785)
Net current assets		<u>6,880,537</u>	<u>7,889,475</u>
Total assets less current liabilities		<u>9,362,531</u>	<u>9,856,043</u>
Creditors: amounts falling due after more than one year	21	(1,208,650)	(1,419,550)
Provisions for liabilities			
Deferred tax	23	(255,926)	(135,359)
		<u>(255,926)</u>	<u>(135,359)</u>
Net assets		<u><u>7,897,955</u></u>	<u><u>8,301,134</u></u>
Capital and reserves			
Called up share capital	24	6,250	6,250
Capital redemption reserve		3,750	3,750
Profit and loss account		7,887,955	8,291,134
		<u><u>7,897,955</u></u>	<u><u>8,301,134</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23/03/2022.



R H Reynolds
Director

The notes on pages 13 to 29 form part of these financial statements.

C.P. HART & SONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	6,250	3,750	8,291,134	8,301,134
Profit for the year	-	-	1,779,821	1,779,821
Dividends: Equity capital	-	-	(2,183,000)	(2,183,000)
At 31 December 2021	6,250	3,750	7,887,955	7,897,955

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	6,250	3,750	7,883,646	7,893,646
Profit for the year	-	-	407,488	407,488
At 31 December 2020	6,250	3,750	8,291,134	8,301,134

The notes on pages 13 to 29 form part of these financial statements.

C.P. HART & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

C.P. Hart & Sons Limited is a private company limited by shares and is incorporated in England and Wales. It has its registered office at Unit 40, Charles Park, Claire Causeway, Dartford, Kent, DA2 6QA.

The company's principal activity continued to be that of an importer, distributor and retailer of premium sector bathroom fittings and furniture.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Charco 2010 Limited as at 31 December 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Defined contribution pension plans

The company operates a defined contribution plan for certain employees, now closed to new entrants and also utilises NEST (National Employment Savings Trust) for other employees under auto enrolment. NEST is also a defined contribution plan.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

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

2.5 Revenue

Turnover comprises revenue recognised by the company in respect of goods supplied during the year in accordance with the below criteria. Therefore, goods are deemed to be supplied at the point of delivery, or for certain contracts when a vesting certificate is issued and fully paid.

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

Sale of goods

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

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

2.6 Operating leases: the company as lessee

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

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure, and as a credit to the related expenditure heading.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

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

2.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.12 Tangible fixed assets

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

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

C.P. HART & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold Properties	- Straight line over the lease term
Plant and machinery	- 10% to 33% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors

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

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is defined as actual cost on a weighted average basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

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

2.16 Cash and cash equivalents

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.17 Financial instruments

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for foreign exchange derivatives.

2.18 Creditors

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

2.19 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.20 Dividends

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

C.P. HART & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

a) Critical judgements in applying the company's accounting policies

No significant judgements have had to be made by management in preparing these financial statements.

b) Key accounting estimates and assumptions

The company has made key assumptions regarding the useful economic life of tangible fixed assets and this is further described in note 2.12 of the accounting policies.

The company holds a significant amount of product stock and is subject to changing consumer demands and industry trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of stock. As per note 17 the value of stock as at 31 December 2021 is £6,392,596 (2020: £5,538,935) and this includes a stock provision of £630,833 (2020: £961,931).

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	41,443,387	35,113,806
Rest of Europe	356,550	1,805,372
Rest of the world	271,111	318,293
	<u>42,071,048</u>	<u>37,237,471</u>

5. Other operating income

	2021 £	2020 £
Commissions receivable	303,752	234,524
	<u>303,752</u>	<u>234,524</u>

C.P. HART & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	804,377	870,476
Operating lease rentals- land and buildings	1,661,862	1,794,403
Difference of foreign exchange	(111,336)	(81,055)
Profit on sale of tangible fixed assets	(126,076)	(71,252)
Rent receivable	-	(40,026)
Government grants receivable	(447,519)	(1,149,954)

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	18,900	18,000
Other services relating to taxation	9,978	4,306

C.P. HART & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

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

	2021	2020
	£	£
Wages and salaries	6,254,558	5,465,975
Social security costs	815,905	767,644
Cost of defined contribution scheme	227,156	223,028
	7,297,619	6,456,647

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

	2021	2020
	No.	No.
Distribution and administration	83	89
Sales	109	87
	192	176

9. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	617,775	645,221
Company contributions to defined contribution pension schemes	28,804	27,381
	646,579	672,602

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

The highest paid director received remuneration of £153,225 (2020 - £209,372).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,934 (2020 - £NIL).

C.P. HART & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Interest receivable

	2021 £	2020 £
Bank interest receivable	10,939	20,036
	<u>10,939</u>	<u>20,036</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	1,374	19,655
	<u>1,374</u>	<u>19,655</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	260,019	-
Adjustments in respect of previous periods	(14,187)	7
Total current tax	<u>245,832</u>	<u>7</u>
Deferred tax		
Origination and reversal of timing differences	120,567	116,755
Total deferred tax	<u>120,567</u>	<u>116,755</u>
Taxation on profit on ordinary activities	<u>366,399</u>	<u>116,762</u>

C.P. HART & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	2,146,220	524,250
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	407,782	99,608
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	634	1,358
Capital allowances for year in excess of depreciation	(124,443)	54,203
Utilisation of brought forward tax losses	-	(147,003)
Adjustments to tax charge in respect of prior periods	(14,187)	7
Capital gains	-	79
(Profit)/loss on disposal of fixed assets	(23,954)	(8,245)
Deferred tax movement	120,567	116,755
Total tax charge for the year	366,399	116,762

Factors that may affect future tax charges

There are taxable losses carried forward of £nil (2020: £Nil) to offset against future taxable profits.

13. Dividends

	2021 £	2020 £
Dividends paid	2,183,000	-
	2,183,000	-

C.P. HART & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Exceptional items

	2021 £	2020 £
Redundancy and other related costs	-	127,384
Other costs	-	23,700
	<u>-</u>	<u>151,084</u>

15. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2021	2,152,798	3,358,989	33,205	7,567,282	13,112,274
Additions	120,946	270,346	-	1,055,795	1,447,087
Disposals	-	-	-	(160,821)	(160,821)
At 31 December 2021	<u>2,273,744</u>	<u>3,629,335</u>	<u>33,205</u>	<u>8,462,256</u>	<u>14,398,540</u>
Depreciation					
At 1 January 2021	1,598,895	2,729,735	25,969	6,791,107	11,145,706
Charge for the year on owned assets	172,592	277,695	5,405	427,853	883,545
Disposals	-	-	-	(112,705)	(112,705)
At 31 December 2021	<u>1,771,487</u>	<u>3,007,430</u>	<u>31,374</u>	<u>7,106,255</u>	<u>11,916,546</u>
Net book value					
At 31 December 2021	<u>502,257</u>	<u>621,905</u>	<u>1,831</u>	<u>1,356,001</u>	<u>2,481,994</u>
At 31 December 2020	<u>553,903</u>	<u>629,254</u>	<u>7,236</u>	<u>776,175</u>	<u>1,966,568</u>

C.P. HART & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Long leasehold	502,257	553,903
	<u>502,257</u>	<u>553,903</u>

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	10,000
At 31 December 2021	<u>10,000</u>
Impairment	
At 1 January 2021	10,000
At 31 December 2021	<u>10,000</u>
Net book value	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

17. Stocks

	2021 £	2020 £
Finished goods and goods for resale	6,392,596	5,538,935
	<u>6,392,596</u>	<u>5,538,935</u>

C.P. HART & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Debtors

	2021	2020
	£	£
Trade debtors	3,275,708	3,832,099
Amounts owed by group undertakings	237,871	78,210
Other debtors	1,335,041	921,771
Prepayments and accrued income	891,452	1,031,150
	5,740,072	5,863,230

19. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	10,300,712	10,511,095
	10,300,712	10,511,095

20. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	241,350	80,450
Payments received on account	8,047,875	5,420,480
Trade creditors	3,179,122	3,760,791
Amounts owed to group undertakings	2,000	2,000
Corporation tax	260,019	-
Other taxation and social security	1,210,824	1,778,781
Other creditors	66,620	51,728
Accruals and deferred income	2,545,033	2,929,555
	15,552,843	14,023,785

Secured loans

Bank loans are secured over the assets of the company, supported by a debenture and an intercompany guarantee with the parent company, Charco 2010 Limited.

C.P. HART & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

	2021 £	2020 £
Bank loans	1,208,650	1,419,550
	<u>1,208,650</u>	<u>1,419,550</u>

22. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	241,350	80,450
Amounts falling due 1-2 years		
Bank loans	241,350	241,350
Amounts falling due 2-5 years		
Bank loans	967,300	724,050
Amounts falling due after more than 5 years		
Bank loans	-	454,150
	<u>1,450,000</u>	<u>1,500,000</u>

C.P. HART & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23. Deferred taxation

	2021 £	2020 £
At beginning of year	135,359	18,604
Charged / (credited) to the profit or loss	120,567	116,755
At end of year	255,926	135,359

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	255,926	135,359
	255,926	135,359

24. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
6,250 (2020 - 6,250) Ordinary shares of £1.00 each	6,250	6,250

25. Capital commitments

At 31 December 2021 the company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	128,568	97,970
	128,568	97,970

C.P. HART & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

26. Pension commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to these funds and amounted to £227,156 (2020: £223,028). Contributions totaling £38,294 (2020: £41,940) were payable to these funds at the balance sheet date and are included in other creditors falling due within one year.

27. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	1,623,033	1,738,067
Later than 1 year and not later than 5 years	5,755,535	5,881,364
Later than 5 years	2,856,840	3,256,941
	<u>10,235,408</u>	<u>10,876,372</u>
	2021 £	2020 £
Other operating lease		
Not later than 1 year	147,422	146,835
Later than 1 year and not later than 5 years	264,692	304,459
	<u>412,114</u>	<u>451,294</u>

28. Other financial commitments

The company has entered into various foreign exchange forward contracts before 31 December 2021, with varying maturity dates, to purchase €1,500,000 (2020: €1,400,000) over a period of time in the next financial year.

29. Intercompany cross guarantee

In respect of bank facilities the company has in operation an unlimited cross guarantee with Charco 2010 Limited, the parent company, and Colourwash Limited, a fellow subsidiary of Charco 2010 Limited.

C.P. HART & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

30. Related party transactions

The company has taken advantage of the exemption in FRS102 paragraph 33.1A from the disclosure of transactions with entities that are part of the group on the grounds that it is a wholly owned subsidiary, and the consolidated financial statements of the group are publicly available.

31. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Charco 2010 Limited, a company incorporated in England and Wales. Consolidated accounts for Charco 2010 Limited are available from Companies House, Crown Way, Cardiff.

There is no one ultimate controlling party.