

Harvey Jones Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number: 02068913

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Harvey Jones Limited

Company Information

Directors	J W Curwen A M Kretzschmar D Woolsgrove
Company secretary	D Woolsgrove
Registered number	02068913
Registered office	Corinthian House 17 Lansdowne Road Croydon CR0 2BX
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

Harvey Jones Limited

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Harvey Jones Limited

Strategic Report for the Year Ended 31 December 2021

Introduction

Harvey Jones Limited is a retailer of premium, hand made kitchen furniture which operates through a chain of retail outlets throughout England, Scotland and Wales. The company, as part of a group of companies under the Harvey Jones brand, sells kitchen furniture manufactured by its sister company Harvey Jones Manufacturing Limited along with other goods and services related to the sale and installation of kitchens.

Review of activities

The Company continued to be affected by Covid-19 during FY21, with showrooms closed in January -April 2021. Despite these disruptions, the Company experienced strong demand for its products and remained 'open for business' to provide a service to both our existing client base and also to potential new ones via 'virtual selling' tactics which continued to develop during the period but deliveries continued to be impacted by installation delays. In this period, risk assessments were conducted; measures and controls were introduced to facilitate social distancing to enable all areas of the business to operate safely while complying with best practice and legislation.

Although sales were affected by these disruptions the strong market for its products resulted in the Company reporting an increase in operating profit from £0.5m on sales of £15.1 million in the previous year to £1.3m on sales of £19.3 million.

The Group strategy is to continue to build strong brand awareness via a marketing strategy across digital, PR and press.

In 2022, based on the strong orderbook, and a further reduction to the cost base, we anticipate improving performance and the Group is expected to increase its profitability.

Principal risks and uncertainties

Impact on 2021 and 2022

Throughout 2021, the Group has produced both new sales and deliveries although this was impacted in the first part of the year, and both continue to be below previous levels. COVID-19 will continue to have an impact on both sales and deliveries in the first part of 2022 owing to:

- I. Delays to customer projects
- II. Availability of sub-contract labour
- III. Availability of appliances from manufacturers

Monthly management accounts are being produced alongside detailed cash flow projections and thorough reviews of the Group forecasts continue to take place. The forecasts have been regularly revised as more is understood about the economic effect of the pandemic.

The Group has managed its working capital closely, whilst cash collection has remained strong and, as a result, an increase to the cash balance has been achieved. Cash levels were at circa £3.8m, excluding the new loan facility, at the end of December 2021 and are considered sufficient to maintain activity for the foreseeable future (being at least 12 months from the date of signing the financial statements). This level of cash is considered enough to meet the worst-case stress test scenarios.

Harvey Jones Limited

Strategic Report (continued) for the Year Ended 31 December 2021

Principal risks and uncertainties (continued)

The Company has continuously developed and implemented strategic and operational plans to focus on maximising sales opportunity, revenue protection and cost control. With the resources available, and the support provided through the CBILS scheme, the Directors are of the opinion that the Group has the resource and experience available to mitigate any future risks associated with COVID-19.

Going forward into 2022 the expectation is that life will return to normal at some stage of the year. Customer demand for home improvements remained strong throughout the lockdown period as people spent more time at home demand remained strong for the Group's products and services in most areas.

Economic risk

Economic risks have been identified and are reviewed regularly and included in the annual budget and ongoing forecasts. Due to our financial strength and robust commercial controls, we are confident that the outcome of the post COVID-19 trading negotiations does not pose a long-term risk to the Group.

Competitive risk

Whilst the Group aims to continually develop its product and ranges, it operates in a competitive market and technical or product innovation from our competition may have a negative impact on the Group's trading outlook.

Environmental risks

The Group places considerable importance upon environmental compliance in each of its business and not only seeks to ensure ongoing compliance with relevant legislation but also strives to incorporate environmental best practice into its key processes.

Suppliers' prices

These are continually reviewed by purchasing managers.

Major disruption/disaster

All major insurable risks are insured.

The effect of legislation or other regulatory activities

The Group monitors forthcoming and current legislation regularly.

All appropriate measures are taken to protect the Group's intellectual property rights and to minimise the risk of infringements of third-party rights.

Financial key performance indicators

The Directors regularly review and analyse an extensive array of key performance indicators for an assessment and measure of the company's performance and financial position. These include revenues, gross profit, operating profit and cash flows and the information for these key performance indicators are included in the accompanying financial statements.

During the year, the Group has seen revenue increase by 28%. This has been a result of an increase in the number of deliveries and an increase in Average Delivery Value. During the year, the Group recorded more orders than 2020 and the increase in Average Delivery Value led to an increase in the value of the closing order book compared to the closing value as at 31 December 2020.

Harvey Jones Limited

Strategic Report (continued) for the Year Ended 31 December 2021

Future prospects

We believe that the actions that have been taken to deal with the COVID-19 pandemic will place the business in a good position for the future. The actions taken and risks faced by the Group have been discussed within the COVID-19 section under 'Principal risks and uncertainties'.

Directors' statement of compliance with duty for the success of the Company

Meaningful engagement with our stakeholders supports the ethos of Section 172 of the Companies Act 2006 which sets out that Directors should have regard to stakeholder interests when discharging their duty to promote the success of the Group. As a Board our aim is always to uphold the highest standards of conduct, which requires careful consideration at all levels of the Group to the interests of the people who rely on it. Similarly, we understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our customers, our colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable.

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


.....
D Woolsgrove
Director

Date: 06/05/22

Harvey Jones 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

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

Results and dividends

The profit for the year, after taxation, amounted to £1,075,841 (2020 - £445,300).

The directors do not recommend the payment of a final dividend (2020 - £Nil).

Directors

The directors who served during the year were:

J W Curwen
A M Kretzschmar
D Woolsgrove

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 3. These matters relate to the principal activity of the company, the principal risks that it faces and future developments.

Harvey Jones Limited

Directors' Report (continued) for the Year Ended 31 December 2021

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.

Auditor

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

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


.....
D Woollsgrove
Director

Date: 06/05/22

Harvey Jones Limited

Independent Auditor's report to the members of Harvey Jones Limited

Opinion on the financial statements

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.

We have audited the financial statements of Harvey Jones Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion on the financial statements

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

Harvey Jones Limited

Independent Auditor's report to the members of Harvey Jones Limited (continued)

Other information

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

Other Companies Act 2006 reporting

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

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

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 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, 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.

Harvey Jones Limited

Independent Auditor's report to the members of Harvey Jones Limited (continued)

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.

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

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:

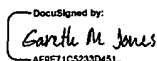
- We obtained an understanding of the procedures and controls that the company has established to address risks identified or that otherwise prevent, deter and detect fraud. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free of fraud or error.
- Based on the understanding obtained we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of group management, review of Board minutes and reviews of relevant correspondence.
- We tested journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Company.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

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Gareth M Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditors
London
United Kingdom

Date: 11 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Harvey Jones Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	19,316,847	15,074,914
Cost of sales		(10,799,324)	(8,495,801)
Gross profit		8,517,523	6,579,113
Administrative expenses		(7,175,557)	(6,356,509)
Other operating income	5	7,329	286,256
Operating profit	6	1,349,295	508,860
Interest receivable and similar income	10	135	-
Profit before tax		1,349,430	508,860
Tax on profit	11	(273,589)	(63,560)
Profit for the financial year		1,075,841	445,300
Total comprehensive income for the year		1,075,841	445,300

All amounts relate to continuing operations.

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

The notes on pages 12 to 23 form part of these financial statements.

Harvey Jones Limited
Registered number: 02068913

Statement of Financial Position
as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	660,677	713,248
Current assets			
Stocks	13	181,037	164,996
Debtors	14	10,658,286	8,968,877
Cash at bank and in hand		3,734,192	3,473,832
		<u>14,573,515</u>	<u>12,607,705</u>
Creditors: amounts falling due within one year	15	(10,202,782)	(9,361,940)
Net current assets		<u>4,370,733</u>	<u>3,245,765</u>
Total assets less current liabilities		<u>5,031,410</u>	<u>3,959,013</u>
Creditors: amounts falling due after more than one year	16	(17,063)	(22,248)
Provisions for liabilities			
Deferred tax	17	(78,233)	(49,357)
Other provisions	18	(197,475)	(224,610)
Net assets		<u><u>4,738,639</u></u>	<u><u>3,662,798</u></u>
Capital and reserves			
Share capital	19	100	100
Retained earnings	20	<u>4,738,539</u>	<u>3,662,698</u>
		<u><u>4,738,639</u></u>	<u><u>3,662,798</u></u>

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


D Woollsgrove
Director

Date: 06/05/2022

The notes on pages 12 to 23 form part of these financial statements.

Harvey Jones Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	100	3,662,698	3,662,798
Comprehensive income for the year			
Profit for the year	-	1,075,841	1,075,841
At 31 December 2021	100	4,738,539	4,738,639

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	100	3,217,398	3,217,498
Comprehensive income for the year			
Profit for the year	-	445,300	445,300
At 31 December 2020	100	3,662,698	3,662,798

The notes on pages 12 to 23 form part of these financial statements.

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1. General information

Harvey Jones Limited is a private limited company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

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 judgement 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);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Harvey Jones Holdings Limited as at 31 December 2021 and these financial statements may be obtained from The Registrar of Companies, Crown Way, Cardiff.

2.3 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax on sales. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer which is generally on delivery.

Provided the amount of turnover can be measured reliably and it is probable that the company will receive any consideration, turnover for services (fitting and painting) is recognised in the period in which the services are rendered.

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Going concern

The Board of Directors has undertaken a thorough review of the Group forecasts and has produced detailed cash flow projections on a prudent basis which extend at least 12 months from the date of signing the financial statements with sufficient potential headroom to cover reasonable levels of downturn.

The Group has available cash resources, as at 31 December 2021, of circa £3.8m in addition to a loan facility of £1.4m. After making enquiries and taking account of the principal risks and uncertainties set out within the Strategic Report, the directors considered that at the time of approving the financial statements, there is a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future.

This level of cash is considered enough to meet the worst-case stress test scenarios, whereby the revised cash flow accounts for a significant drop in turnover for 2021, being below that achieved in 2020. In this scenario, turnover does not return to previous levels at any point in the coming year and the forecasts take account of a number of costs saving actions already taken and planned if required to deal with the impact of COVID-19.

Going forward into 2022 the expectation is that life will return to normal at some stage of the year. The experience after the first lockdown was that customer demand for home improvements returned and that demand remained strong for the Group's products and services in most areas.

The Directors have also identified that, the uncertainty surrounding the UK's future trading relationship could adversely impact customer confidence. Economic risks have been identified and are reviewed regularly and included in the annual budget and ongoing forecasts.

The Directors consider that the aforementioned strategic and operational plans are reasonable and adequate to allow the Group to generate sufficient working capital and cash flows to continue in operational existence during the foreseeable future (being at least 12 months from the date of signing the financial statements). Whilst these assumptions have been incorporated into the cash projections, the Directors are optimistic that the impact on the Group will not be as severe as this, based on external indicators. The Directors are confident that the business is very much a going concern.

2.5 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.

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.5 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 improvements	- over the lease term between 2 to 12 years
Equipment	- 25% - 50%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.6 Stocks

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

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

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Financial instruments

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

2.10 Creditors

Short term creditors are measured at the transaction price.

2.11 Operating leases

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

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

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. 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 payment obligations.

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

2.13 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.14 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 reporting date.

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating leases, or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 12)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Warranty provision (see note 18)**
The company provides a ten year warranty in respect of all kitchens which it delivers, installs and paints. The company therefore records an expense and a corresponding liability for the expected future costs of this warranty on every kitchen installed. In assessing the appropriate provision, the directors assess a number of factors including the past claim record and the costs incurred in respect of those claims. The warranty provision is included within creditors: amounts falling due within one year.

4. Turnover

The whole of the turnover is attributable to the sale and installation of premium, handmade kitchen furniture.

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grant income	7,329	286,256

The income relates to the company's utilisation of the Governments Coronavirus Job Retention Scheme during the year.

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

6. Operating profit

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

	2021 £	2020 £
Depreciation of tangible fixed assets	314,569	299,322
Other operating lease rentals	1,069,297	394,356
Defined contribution pension cost	111,208	83,984
Profit on sale on tangible assets	(75,112)	(51,927)

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	37,000	28,500

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

8. Employees

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

	2021 £	2020 £
Wages and salaries	4,143,024	3,609,300
Social security costs	437,829	386,277
Cost of defined contribution scheme	88,584	83,984
	4,669,437	4,079,561

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

	2021 No.	2020 No.
Administration	50	40
Development	4	2
Sales	53	53
Directors	8	3
	115	98

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	352,402	182,390
Company contributions to defined contribution pension schemes	17,376	14,233
	<u>369,778</u>	<u>196,623</u>

The highest paid director received remuneration of £153,542 (2020 - £139,292).

No retirement benefits accrued to directors (2020 - Nil) in respect of the defined contribution pension schemes.

In the current financial year the directors remuneration for time spent working on Harvey Jones Limited has been attributed to the costs for the company.

10. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	<u>135</u>	<u>-</u>

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profit for the year	241,249	49,813
Adjustments in respect of previous periods	3,464	(614)
Total current tax	244,713	49,199
Deferred tax		
Origination and reversal of timing differences	13,289	10,293
Adjustments in respect of prior periods	-	(44)
Effect of tax rate change on opening balance	15,587	4,112
Total deferred tax	28,876	14,361
Taxation on profit on ordinary activities	273,589	63,560

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	1,349,430	508,860
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	256,392	96,683
Effects of:		
Expenses not deductible for tax purposes	4,448	10,145
Group relief claimed	(9,490)	(46,722)
Adjustments to tax charge in respect of previous periods	3,464	(614)
Adjustments to tax charge in respect of previous periods - deferred tax	-	(44)
Remeasurement of deferred tax for changes in tax rates	18,775	4,112
Total tax charge for the year	273,589	63,560

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

12. Tangible fixed assets

	Leasehold Improvements £	Equipment £	Total £
Cost			
At 1 January 2021	3,880,966	800,951	4,681,917
Additions	214,059	47,939	261,998
Disposals	(239,994)	-	(239,994)
At 31 December 2021	<u>3,855,031</u>	<u>848,890</u>	<u>4,703,921</u>
Depreciation			
At 1 January 2021	3,214,025	754,644	3,968,669
Charge for the year	267,365	47,204	314,569
Disposals	(239,994)	-	(239,994)
At 31 December 2021	<u>3,241,396</u>	<u>801,848</u>	<u>4,043,244</u>
Net book value			
At 31 December 2021	<u>613,635</u>	<u>47,042</u>	<u>660,677</u>
At 31 December 2020	<u>666,941</u>	<u>46,307</u>	<u>713,248</u>

13. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>181,037</u>	<u>164,996</u>

There is no material difference between the replacement cost of stock and the amounts stated above.

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

14. Debtors

	2021 £	2020 £
Trade debtors	-	42,458
Amounts owed by group undertakings	10,385,957	8,619,251
Other debtors	72,043	88,854
Prepayments and accrued income	200,286	218,314
	<u>10,658,286</u>	<u>8,968,877</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Payments received on account	2,971,076	2,851,612
Trade creditors	920,331	1,354,771
Amounts owed to group undertakings	4,423,750	3,733,683
Corporation tax	241,249	49,199
Other taxation and social security	535,975	749,636
Other creditors	18,341	31,027
Accruals and deferred income	1,092,060	592,012
	<u>10,202,782</u>	<u>9,361,940</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

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

	2021 £	2020 £
Other creditors	17,063	-
Accruals and deferred income	-	22,248
	<u>17,063</u>	<u>22,248</u>

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

17. Deferred taxation

	2021 £	2020 £
At beginning of year	(49,357)	(34,996)
Charged to profit or loss	(28,876)	(14,361)
At end of year	(78,233)	(49,357)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(82,819)	(51,568)
Short term timing differences	4,586	2,211
	(78,233)	(49,357)

18. Provisions

	Warranty provision £
At 1 January 2021	224,610
Charged to profit and loss	157,950
Utilised in year	(185,085)
At 31 December 2021	197,475

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid 100 Ordinary shares of £1 each	100	100

20. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Harvey Jones Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged represents contributions payable by the company to the fund and amounted to £88,584 (2020 - £83,984) in the year. Contributions payable to the fund at the year end included in creditors totalled £18,341 (2020 - £27,686).

22. 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 £
Not later than 1 year	966,978	964,038
Later than 1 year and not later than 5 years	2,218,224	1,860,108
Later than 5 years	791,214	345,250
	<u>3,976,416</u>	<u>3,169,396</u>

23. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that the subsidiaries party to the transactions are wholly owned members of the group.

24. Controlling party

The immediate and ultimate parent company of Harvey Jones Limited is Harvey Jones Holdings Limited, a company incorporated in England and Wales.

In the opinion of the directors, there is no one ultimate controlling party.

Harvey Jones Holdings Limited prepares group financial statements and copies can be obtained from the Registrar of Companies House, Crown Way, Cardiff.