

Registration number: 04290723

LA HACIENDA LIMITED
Annual Report and Financial Statements
for the Year Ended 30 September 2021



La Hacienda Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 10
Income Statement	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 to 26
Detailed Income Statement	27 to 30

La Hacienda Limited

Company Information

Directors	M F Wilson B G Harris R F Mehmel P North W C Durborow
Company secretary	M F Wilson
Registered office	Hangar 27 Site C Aston Down Airfield Stroud Gloucester GL6 8HR
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Glass Wharf Bristol BS2 0EL

La Hacienda Limited

Strategic Report for the Year Ended 30 September 2021

The directors present their strategic report for the year ended 30 September 2021.

Principal activity

The principal activity of the company is the wholesale of outdoor heating and décor.

Fair review of the business

Despite the continued macro-economic uncertainties the UK faces in Covid-19 and Brexit, the Directors are satisfied with the Group's performance during the year ending 30 September 2021. The Company's sales revenues remained buoyant, supported by our continued innovative approach to new products and marketing within our sector and the board is pleased to report a 58.2% increase in revenues for the period.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Gross margin	%	19.1	22.2
Operating profit	%	6.2	10.2

During the financial year 2021, as the Government continued to introduce Covid-19 easing measures, the company further invested in additional measures, on top of those implemented in 2020, to protect staff, customers and suppliers and ensured that working practices were in line with Government guidelines.

Post lockdown, as a result of Global shortages in supply and freight, the company has faced significant increases in input costs which adversely impacted Gross Margin.

In 2021 the company continued to invest in projects to invest further in its infrastructure, systems products and people. These projects are expected to continue into financial year 2023 and will have a short-term impact of increasing the cost base of the business, in line with Group expectations, and will facilitate incremental growth thereafter as these projects reach completion.

Principal risks and uncertainties

The Company's business may be affected by fluctuations in the price and supply of materials, particularly fluctuations in the GBP against the USD. The Company's sales and pricing policies seek to mitigate such risks where possible.

Some of the retail customers review product ranging on an annual basis leading into the next season. This presents uncertainties with regards to confirmed ranging year on year. The Company's strong relationship with customers and innovative product minimises this risk.

Engagement with employees

Our employees are our greatest asset and our success relies on the application of their knowledge and skills. We aim to be an employer of choice and a responsible employer in our approach to pay and benefits, and the health, safety and well-being of our employees is always a primary consideration. We communicate with employees through a variety of channels including management site visits, departmental meetings, AMES Talk, whole company presentations and the Company Intranet.

The company is committed to the development of employee consultation and thereby to the greater involvement of employees in the company's operations and future strategy. Consultation is achieved on both a formal and informal basis through work committees, briefing sessions and discussions with groups of employees.

La Hacienda Limited

Strategic Report for the Year Ended 30 September 2021 (continued)

Engagement with suppliers, customers and other relationships

Meeting the needs of customers now and developing our offering so that we can continue to meet and exceed their needs into the future, requires regular engagement. Customer requirements are always taken into consideration during new product development along with assessment of the demand curve over the coming months. Our aim is to be a supplier and customer of choice to our customers and suppliers. We expect our suppliers to operate ethically, taking due consideration for the safety and well-being of their workers while minimising their environmental impacts. By working closely with and setting high standards for our suppliers, we reduce operating and reputational risk and promote the long term success of the company. This is achieved through regular meetings, both virtually and physically.

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Approved and authorised by the Board on and signed on its behalf by:

DocuSigned by:

Brian Harris

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B G Harris

Director

La Hacienda Limited

Directors' Report for the Year Ended 30 September 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors of the company

The directors who held office during the year were as follows:

M F Wilson
B G Harris
R F Mehmehl
P North
W C Durborow (appointed 30 June 2021)

Financial instruments

Objectives and policies

The company finances its activities with a combination of finance leases and hire purchase contracts, cash, intergroup funding and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk

Price risk is the risk that changes in raw material prices have the potential to impact on the profitability of the company. The company's sales and pricing policies seek to mitigate such risks where possible

Credit risk

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Company policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The company also utilises insurance policies to protect against non-payment of debt. The company does not consider that it is materially exposed to credit risk.

Cash flow and liquidity risk

Cash flow and liquidity risk is the risk that a company's available cash will not be sufficient to meet its financial obligations. The company actively manages its cash flow position including collection of debts and timely payment of creditors. Due to the seasonality of Company's working capital requirements, the company uses a combination of finance leases and hire purchase contracts, cash, intergroup funding and short term deposits to minimise the Company's exposure to cash flow and liquidity risk.

Foreign Exchange risk

Foreign exchange risk refers to the potential for loss from exposure to foreign exchange rate fluctuations. Company policies are aimed at minimising this risk. The company does not consider that it is materially exposed to foreign exchange risk.

Future developments

The Company continues to invest in its infrastructure and people.

La Hacienda Limited

Directors' Report for the Year Ended 30 September 2021 (continued)

Going concern

The directors have reviewed the profit and loss and cashflow forecast of the company. Despite the macro-economic uncertainties the UK faces in Covid-19 and Brexit, post year end cash shortfalls have been addressed by obtaining funding from the ultimate parent company. Based on the forecast trading, profitability and liquidity for 2022 the directors consider that the company has adequate resources to continue operations for the foreseeable future, being a period of not less than twelve months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Grant Thornton UK LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

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Approved and authorised by the Board on and signed on its behalf by:

DocuSigned by:

Brian Harris

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B G Harris
Director

La Hacienda Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

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Approved by the Board on and signed on its behalf by:

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Brian Harris

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B G Harris
Director



La Hacienda Limited

Independent Auditor's Report to the Members of La Hacienda Limited

Opinion

We have audited the financial statements of La Hacienda Limited (the 'company') for the year ended 30 September 2021, which comprise the Income Statement, the Statement of Financial Position, the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.



La Hacienda Limited

Independent Auditor's Report to the Members of La Hacienda 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

Matter on which we are required to report under the Companies Act 2006

In the light of our 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 and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities, 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.



La Hacienda Limited

Independent Auditor's Report to the Members of La Hacienda 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.

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

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework (Financial Reporting Standard 102, Companies Act 2006 and the tax legislation relevant to the jurisdiction in which the company operates); health and safety, employee matters, environmental and bribery and corruption procedures;
- We enquired of management and those charged with governance as to whether they are aware of any non-compliance with laws and regulations and whether they had knowledge of actual, suspected or alleged fraud. We corroborated the results of our enquiries to board minutes and other supporting documentation;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with different parts of the business, including the finance team and the IT department, to understand where it is considered there was a susceptibility of fraud;
- In assessing the potential risk of material misstatement, we obtained an understanding of:
 - o The company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risk of material misstatement;
 - o the company's control environment including:
 - o the finance system and controls, including the controls over journal postings that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitor the finance system and the controls;



La Hacienda Limited

Independent Auditor's Report to the Members of La Hacienda Limited (continued)

- o Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. Our audit procedures involved: journal entry testing, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - o In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- We also considered the key performance indicators and their propensity to influence efforts made by management to manage earnings;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - o Understanding of, and practical experience with, the audit engagements of similar nature and complexity through appropriate training and participation;
 - o Knowledge of the industry in which the company operates; and
 - o Understanding of the legal and regulatory requirements specific to the company.
- We did not identify any matters relating to non-compliance with laws and regulations or relating to fraud.

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:

A handwritten signature in black ink, appearing to read "Timothy Lincoln".

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Timothy Lincoln BA ACA

Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

2 Glass Wharf

Bristol

BS2 0EL

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Date:.....

La Hacienda Limited

Income Statement for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Turnover	3	28,964,400	18,294,669
Cost of sales		<u>(23,444,813)</u>	<u>(14,227,523)</u>
Gross profit		5,519,587	4,067,146
Administrative expenses		(3,728,436)	(2,296,798)
Other operating income	4	<u>1,297</u>	<u>83,925</u>
Operating profit	5	1,792,448	1,854,273
Other interest receivable and similar income	6	1,126	5,746
Interest payable and similar expenses	7	<u>(9,747)</u>	<u>-</u>
Profit before tax		1,783,827	1,860,019
Taxation	11	<u>(108,235)</u>	<u>(281,651)</u>
Profit for the financial year		<u><u>1,675,592</u></u>	<u><u>1,578,368</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 14 to 26 form an integral part of these financial statements.

La Hacienda Limited**(Registration number: 04290723)****Statement of Financial Position as at 30 September 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	459,229	104,711
Current assets			
Stocks	13	6,659,194	1,183,253
Debtors	14	4,999,677	4,259,695
Cash at bank and in hand		2,664,183	4,127,011
		<u>14,323,054</u>	<u>9,569,959</u>
Creditors: Amounts falling due within one year	15	<u>(5,262,803)</u>	<u>(1,943,867)</u>
Net current assets		<u>9,060,251</u>	<u>7,626,092</u>
Total assets less current liabilities		9,519,480	7,730,803
Creditors: Amounts falling due after more than one year	15	(19,823)	-
Provisions for liabilities	17	<u>(104,156)</u>	<u>(10,894)</u>
Net assets		<u>9,395,501</u>	<u>7,719,909</u>
Capital and reserves			
Called up share capital	19	102	102
Profit and loss account		<u>9,395,399</u>	<u>7,719,807</u>
Total equity		<u>9,395,501</u>	<u>7,719,909</u>

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Approved and authorised by the Board on and signed on its behalf by:

DocuSigned by:

Brian Harris

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B G Harris
Director

The notes on pages 14 to 26 form an integral part of these financial statements.

La Hacienda Limited**Statement of Changes in Equity for the Year Ended 30 September 2021**

	Share capital	Profit and loss account	Total
	£	£	£
At 1 October 2019	102	6,141,439	6,141,541
Profit for the year	-	1,578,368	1,578,368
Total comprehensive income	-	1,578,368	1,578,368
At 30 September 2020	102	7,719,807	7,719,909

	Share capital	Profit and loss account	Total
	£	£	£
At 1 October 2020	102	7,719,807	7,719,909
Profit for the year	-	1,675,592	1,675,592
Total comprehensive income	-	1,675,592	1,675,592
At 30 September 2021	102	9,395,399	9,395,501

The notes on pages 14 to 26 form an integral part of these financial statements.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Hangar 27 Site C, Aston Down Airfield, Stroud, Gloucester, GL6 8HR.

Principal activity

The principal activity of the company is the wholesale of outdoor heating and décor.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Name of parent of group

These financial statements are consolidated in the financial statements of The Ames Companies UK Ltd.

The financial statements of The Ames Companies UK Ltd may be obtained from The Old Airfield, Heck And Pollington Lane, Pollington, East Yorkshire, DN14 0BA.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

2 Accounting policies (continued)

Going concern

The directors have reviewed the profit and loss and cashflow forecast of the company. Despite the macro-economic uncertainties the UK faces in Covid-19 and Brexit, post year end cash shortfalls have been addressed by obtaining funding from the ultimate parent company. Based on the forecast trading, profitability and liquidity for 2022 the directors consider that the company has adequate resources to continue operations for the foreseeable future, being a period of not less than twelve months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Judgements

There are considered to be no significant judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies which affect the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management reviews the estimates and assumptions on a continuous basis, by reference to past experiences and other factors that can reasonably be used to assess the book value of assets and liabilities. Actual results may differ from those estimates.

Useful lives of tangible assets - management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Inventory provision - management reviews its stock listing to identify potentially obsolete stock.

Warranty, credit note and bad debt provision - management identifies potential provisions based on past experience with warranty and credit note claims as well as customer knowledge.

Revenue recognition

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

- 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.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

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

Tax

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

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 taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible 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 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.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Long-leasehold property	10% straight line
Plant and machinery	25-33% reducing balance
Motor vehicles	25% reducing balance
Office equipment	25% reducing balance
Computer equipment	25-33% reducing balance

Trade 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.

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 weighted average basis.

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

Trade 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.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

Borrowings

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 the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

2 Accounting policies (continued)

Leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Defined contribution pension obligation

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.

Financial instruments

The Company enters into basic and non-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, loans to related parties, investments in non-puttable ordinary shares and forward exchange contracts.

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 outright 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.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

2 Accounting policies (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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

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

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

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021 £	2020 £
Sale of goods	<u>28,964,400</u>	<u>18,294,669</u>

The analysis of the company's turnover for the year by market is as follows:

	2021 £	2020 £
UK	26,602,808	16,654,255
Europe	1,841,920	1,196,298
Rest of world	<u>519,672</u>	<u>444,116</u>
	<u>28,964,400</u>	<u>18,294,669</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	<u>1,297</u>	<u>83,925</u>

The company has received government assistance via the Coronavirus Job Retention Scheme of £1,297 (2020 - £83,925). This was claimed against the staff costs of the company as reported gross below.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

5 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	67,983	36,571
Foreign exchange losses	15,435	137,359
(Profit)/loss on disposal of property, plant and equipment	(1,785)	303
Amounts charged in respect of operating lease rentals	<u>278,406</u>	<u>276,949</u>

6 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	<u>1,126</u>	<u>5,746</u>

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	1,564	-
Interest expense on other finance liabilities	<u>8,183</u>	<u>-</u>
	<u>9,747</u>	<u>-</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	1,432,698	1,226,198
Social security costs	153,048	104,891
Pension costs, defined contribution scheme	<u>41,146</u>	<u>31,828</u>
	<u>1,626,892</u>	<u>1,362,917</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Production	24	24
Administration and support	<u>24</u>	<u>19</u>
	<u>48</u>	<u>43</u>

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

9 Directors' remuneration

As a result of the acquisition of La Hacienda Limited by The Amies Companies UK Limited as at 31 July 2017, Directors are now paid by the parent company or related party companies. During the year retirement benefits were not accruing to any directors (2020 - £nil) in respect of defined contribution pension schemes.

10 Auditor's remuneration

	2021 £	2020 £
Audit of the financial statements	<u>22,000</u>	<u>36,500</u>

11 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	14,973	280,429
Deferred taxation		
Arising from origination and reversal of timing differences	89,821	85
Arising from changes in tax rates and laws	<u>3,441</u>	<u>1,137</u>
Total deferred taxation	<u>93,262</u>	<u>1,222</u>
Tax expense in the income statement	<u>108,235</u>	<u>281,651</u>

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

11 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	1,783,827	1,860,019
Corporation tax at standard rate	338,927	353,404
Effect of expense not deductible in determining taxable profit (tax loss)	27	-
Deferred tax expense relating to changes in tax rates or laws	24,998	1,137
Tax decrease from effect of capital allowances and depreciation	(15,883)	-
Tax decrease arising from group relief	(239,834)	(72,890)
Total tax charge	108,235	281,651

Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Accelerated capital allowances	105,008
Short term timing differences	(852)
	104,156
2020	
Accelerated capital allowances	11,385
Short term timing differences	(491)
	10,894

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. This new law was deemed substantively enacted on 24 May 2021 and the deferred tax balances at the year end have been calculated based on this rate.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

12 Tangible assets

	Long leasehold land and buildings £	Assets under construction £	Plant and machinery £	Office equipment £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation							
At 1 October 2020	27,052	-	205,870	55,232	47,786	68,990	404,930
Additions	18,938	14,526	276,675	96,485	-	22,091	428,715
Disposals	-	-	(7,225)	-	(14,473)	(20,168)	(41,866)
At 30 September 2021	45,990	14,526	475,320	151,717	33,313	70,913	791,779
Depreciation							
At 1 October 2020	14,551	-	156,965	53,014	18,564	57,125	300,219
Charge for the year	2,143	-	44,639	2,221	9,109	9,871	67,983
Eliminated on disposal	-	-	(7,041)	-	(8,443)	(20,168)	(35,652)
At 30 September 2021	16,694	-	194,563	55,235	19,230	46,828	332,550
Carrying amount							
At 30 September 2021	29,296	14,526	280,757	96,482	14,083	24,085	459,229
At 30 September 2020	12,501	-	48,905	2,218	29,222	11,865	104,711

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

12 Tangible assets (continued)

Included within the net book value of land and buildings above is £29,296 (2020 - £12,501) in respect of long leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021 £	2020 £
Plant and machinery	44,967	-

13 Stocks

	2021 £	2020 £
Finished goods and goods for resale	6,659,194	1,183,253

14 Debtors

	2021 £	2020 £
Trade debtors	4,032,814	1,885,483
Amounts owed by group undertakings	-	2,000,000
Other debtors	360,541	52,159
Prepayments	319,296	125,518
Corporation tax asset	287,026	196,535
	4,999,677	4,259,695

15 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	16	23,620	-
Trade creditors		2,132,514	714,284
Amounts owed to group undertakings		1,207,298	-
Social security and other taxes		39,010	266,728
Other creditors		128,228	40,361
Accrued expenses		1,732,133	922,494
		5,262,803	1,943,867
Due after one year			
Loans and borrowings	16	19,823	-

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

16 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Hire purchase and finance lease liabilities	<u>23,620</u>	<u>-</u>

	2021 £	2020 £
Non-current loans and borrowings		
Hire purchase and finance lease liabilities	<u>19,823</u>	<u>-</u>

17 Provisions for liabilities

	Deferred tax £	Total £
At 1 October 2020	10,894	10,894
Increase (decrease) in existing provisions	<u>93,262</u>	<u>93,262</u>
At 30 September 2021	<u>104,156</u>	<u>104,156</u>

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £41,146 (2020 - £31,828).

Contributions totalling £9,402 (2020 - £7,633) were payable to the scheme at the end of the year and are included in creditors.

19 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	100	100	100	100
Ordinary 'B' shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>102</u>	<u>102</u>	<u>102</u>	<u>102</u>

The Ordinary shares and the Ordinary B shares rank pari passu in all respects except that the Ordinary B shares shall have no rights of voting but shall constitute separate classes of shares.

La Hacienda Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

20 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	23,620	-
Later than one year and not later than five years	19,823	-
	<u>43,443</u>	<u>-</u>

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	396,172	192,170
Later than one year and not later than five years	323,484	134,185
	<u>719,656</u>	<u>326,355</u>

21 Related party transactions

Summary of transactions with entities with joint control or significant interest

The company undertook related party transactions with wholly owned members of Griffon Corporation during the year and has taken the exemption from disclosure of these transactions available under FRS102.

22 Parent and ultimate parent undertaking

The company's immediate parent is The Ames Companies UK Limited, incorporated in England and Wales. The ultimate parent is Griffon Corporation, incorporated in United States of America.

The parent of the largest group in which these financial statements are consolidated is Griffon Corporation, incorporated in United States of America.

The address of Griffon Corporation is:
712 Fifth Avenue, Manhattan, NY 10019, United States.

The parent of the smallest group in which these financial statements are consolidated is The Ames Companies Limited, incorporated in England and Wales.

The address of The Ames Companies Limited is:
The Old Airfield Heck Lane, Pollington, Goole, North Humberside, DN14 0BA.