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**HARTLEY (HEAD OFFICE) LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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## HARTLEY (HEAD OFFICE) LIMITED

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### COMPANY INFORMATION

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**Directors** I.M.Directors Limited  
C M Cain

**Registered number** 05213591

**Registered office** Cumberland House  
Greenside Lane  
Bradford  
West Yorkshire  
BD8 9TF

**Accountants** Crowe U.K. LLP  
3rd floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

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**HARTLEY (HEAD OFFICE) LIMITED**

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**HARTLEY (HEAD OFFICE) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their report and the financial statements for the year ended 31 March 2020.

**Directors**

The directors who served during the year were:

I.M.Directors Limited  
C M Cain

**Small companies exemption**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 April 2021 and signed on its behalf.



**I.M.Directors Limited**  
A J Lewis Director

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**HARTLEY (HEAD OFFICE) LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

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	Note	2020 £	2019 £
Turnover		500,189	2,621
Cost of sales		(10,650)	-
<b>Gross profit</b>		<b>489,539</b>	<b>2,621</b>
Administrative expenses		(384,378)	(389,773)
<b>Operating profit/(loss)</b>		<b>105,161</b>	<b>(387,152)</b>
Interest receivable and similar income		149	922
Interest payable and expenses		(312,628)	(318,031)
<b>Loss before tax</b>		<b>(207,318)</b>	<b>(704,261)</b>
<b>Loss for the financial year</b>		<b>(207,318)</b>	<b>(704,261)</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 4 to 10 form part of these financial statements.

**HARTLEY (HEAD OFFICE) LIMITED**  
**REGISTERED NUMBER: 05213591**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	4	64,162	105,379
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	658,869	40,240
Cash at bank and in hand	6	29,138	60,193
		<u>688,007</u>	<u>100,433</u>
Creditors: amounts falling due within one year	7	(13,557,790)	(12,804,115)
<b>Net current liabilities</b>		(12,869,783)	(12,703,682)
<b>Total assets less current liabilities</b>		(12,805,621)	(12,598,303)
<b>Net liabilities</b>		<u>(12,805,621)</u>	<u>(12,598,303)</u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Profit and loss account		(12,805,622)	(12,598,304)
		<u>(12,805,621)</u>	<u>(12,598,303)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 April 2021.

  
**I.M.Directors Limited**  
A J Lewis Director

The notes on pages 4 to 10 form part of these financial statements.

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## **HARTLEY (HEAD OFFICE) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **1. General information**

The company is a company limited by shares and registered in England and Wales (Registered no. 05213591)

The registered office address is;  
Cumberland House  
Greenside Lane  
Bradford  
West Yorkshire  
BD8 9TF

The principal activity is operating as a service company to the group.

#### **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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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## 2. Accounting policies (continued)

### 2.2 Going concern

The balance sheet shows net liabilities of £13,324,062 and net current liabilities of £13,388,224.

Loans from group undertakings are repayable on demand, however the directors have received assurances from the group that it is the current intention to provide the required level of loan facilities to finance the company's operations for the foreseeable future, with a review in 12 months from the date of approval of these financial statements.

As repayment of amounts due to group undertakings of £12,832,449 (2019: £12,403,605) will not be demanded for the foreseeable future and in view of these assurances, the directors have prepared the financial statements on the going concern basis.

At the time of approval of the financial statements, the COVID19 situation continues to develop. It was designated a global pandemic by the World Health Organisation and the government has requested that non-essential business travel does not take place and social distancing should continue.

The company operates within a diverse Group, elements of which have experienced a slowing of activity, however there has been no impact upon this Company. The administration and finance functions are outsourced to third party providers and these have continued.

It is acknowledged that there remains a degree of uncertainty and the Board continue to closely monitor the developing situation.

The directors have reviewed prospects for a period extending 12 months from the date of approval of these financial statements. On the basis of this review, taking into account the general economic position, recent developments with regard to COVID19 and continuing support from the Group, they consider that the company will remain in a position to finance its operations and meet its financial obligations as they fall due for the foreseeable future. The going concern basis therefore continues to be adopted in preparing the financial statements.

### 2.3 Revenue

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:

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.



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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.4 Operating leases: the Company as lessee

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

##### 2.5 Interest income

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

##### 2.6 Finance costs

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

##### 2.7 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 profit or loss 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.

##### 2.8 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.

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:

Motor vehicles, plant and machinery	- 4 to 10 years
Fixtures, fittings, tools and equipment	- 4 to 10 years

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 profit or loss.

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### **2. Accounting policies (continued)**

##### **2.9 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 profit or loss.

##### **2.10 Debtors**

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

##### **2.11 Cash and cash equivalents**

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

##### **2.12 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.

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.13 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.

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.

#### 3. Employees

The average monthly number of employees, including directors, during the year was 7 (2019 - 7).

#### 4. Tangible fixed assets

	Fixtures and fittings, tools and equipment £	Motor vehicles, plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 April 2019	206,088	32,994	239,082
At 31 March 2020	206,088	32,994	239,082
<b>Depreciation</b>			
At 1 April 2019	102,710	30,993	133,703
Charge for the year on owned assets	41,217	-	41,217
At 31 March 2020	143,927	30,993	174,920
<b>Net book value</b>			
At 31 March 2020	62,161	2,001	64,162
At 31 March 2019	103,378	2,001	105,379

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 5. Debtors

	2020 £	2019 £
Trade debtors	24,715	26,552
Amounts owed by group undertakings	96,979	-
Amounts owed by related undertakings	500,000	-
Other debtors	34,145	10,847
Prepayments and accrued income	3,030	2,841
	<u>658,869</u>	<u>40,240</u>

#### 6. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>29,138</u>	<u>60,193</u>

#### 7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	28,589	10,235
Amounts owed to group undertakings	12,832,449	12,403,605
Other taxation and social security	3,245	4,378
Other creditors	8,408	6,377
Accruals and deferred income	685,099	379,520
	<u>13,557,790</u>	<u>12,804,115</u>

Amounts owed to group and related undertakings have no formal repayment terms. Therefore, in accordance with FRS 102, they are classified as due within one year.

The loan is secured by a fixed and floating charge on the company's assets and bears interest at 2% over bank base rate.

#### 8. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme is held separately from those of the company in an independently administered fund. The pension cost charge for 2019 represents contributions payable by the company to employees pension schemes, £2,754.

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 9. Related party transactions

FRS 102, Section 33, requires disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Crombie Freehold Limited is a related party on the basis that it is controlled by A J Lewis, the controlling party of the parent group of which Hartley (Head Office) Limited is a member, Hartley Investment Trust.

Included in turnover are charges of £500,000 to Crombie Freehold Limited relating to professional services. At the balance sheet date debtors (note 5) includes £500,000 owed by Crombie Freehold Limited.