

Registered number: 07107882

H.W. COATES (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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COMPANIES HOUSE

H.W. COATES (HOLDINGS) LIMITED

COMPANY INFORMATION

DIRECTORS

M H A Coates
G G Coates
T H Coates
G W Ball
R Perry
M G M Coates
R L Morris

COMPANY SECRETARY

R L Morris

REGISTERED NUMBER

07107882

REGISTERED OFFICE

Ladywood House
Ladywood Works
Leicester Road
Lutterworth
Leicestershire
LE17 4HD

INDEPENDENT AUDITORS

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

H.W. COATES (HOLDINGS) LIMITED

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H.W. COATES (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report on the Group for the year ended 31 December 2021.

BUSINESS REVIEW

The principal activity of the Company is that of a holding company.

The Group is principally engaged in warehousing and distribution. There has been no significant change in the Group's activities during the year.

We aim to present a balanced summary of the performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties that we face.

In 2021 we continued to focus on our core market of the warehousing and transport of packaged chemicals. This market has been the long term focus of the Group and it is envisaged that it will continue to be so for many years to come.

In line with this focus we continued to invest in our warehouses. We have undertaken sales activity, trained and invested in our staff and met our regulatory requirements.

Our overall turnover for the year was £73,502,058, up from £67,152,919 in 2020. Our operating profit increased from £15,908,564 to £17,800,782.

KEY PERFORMANCE INDICATORS

We measure our performance using a variety of key performance indicators. Of most importance to the Group are sales and profit, as reported above.

We also keep track of our cash in bank and liquid investments. In the course of 2021 cash and liquid investments increased from £22,916,893 to £23,008,624.

The Group has no bank borrowings, hire purchase or other outside finance.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties that could have a material impact on the Group's performance.

The macro economic background in which we operate was positive in 2021, with a rebound in GDP. This rise fed through into our business and volumes were higher. There is no certainty that such benign conditions will continue.

Of factors more under our control, we face the risk of loss of customers. This would have the effect of reducing sales and so profit. We aim to mitigate this risk by providing a good service and keeping customer accounts under review.

Where costs increase, for example the price of diesel, this has the effect of lowering profits. We aim to minimise these cost increases wherever possible.

Post year end, the conflict between Russia and Ukraine has impacted global oil supplies which in turn, has caused volatility in the price of diesel. We do not expect there to be any material long term impact on the business as a result of this.

With these risks and uncertainties in mind it has been the Group's policy to maintain positive cash balances. We assess risks periodically and adjust Group plans accordingly.

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

SECTION 172(1) STATEMENT

The directors have had regard to the matters set out in S172 (1) (a) to (f) of the Companies Act 2016. They have acted in good faith to promote the success of the Group for the benefit of its members, with specific actions as below.

S172 (1) (a) The likely consequences of any decision in the long term

The directors' understanding of the business underpins their appreciation of long term decisions.

The business has been built up over the long term with investment plans to match. There is a clear plan for growth.

In line with this plan, in 2021, we completed the construction of a new warehouse at one of our top-tier sites in Middlewich, Cheshire.

S172 (1) (b) The interests of the Group's employees

The directors encourage engagement of all employees who are informed of events and decisions using a variety of internal media and further foster channels of communication to seek the views of all.

The Group's strategy considers all its stakeholders, including the employees.

Consistent with this we held in-person and online meetings for both management and staff throughout the year.

S172 (1) (c) The need to foster the Group's business relationships with suppliers, customers and others

The Group pays its bills on time and delivers a high quality service. These foster strong relationships with, respectively, suppliers and customers.

We are routinely inspected by competent authorities and have particular processes and procedures to ensure compliance.

We worked throughout the various Covid restrictions, including in the first months of 2021. This resilience has stood us in good stead with suppliers, customers and others.

S172 (1) (d) The impact of the Group's operations on the community and the environment

The Group wholly supports and complies with the requirements of current environmental legislation and codes of practice.

Environmental policies are reviewed periodically. We continued our policy for charitable giving in 2021.

S172 (1) (e) The desirability of the Group maintaining a reputation for high standards of business conduct

The Group has policies for ethical procurement, dignity at work and corporate social responsibility, among others. These demonstrate the Group's adherence to high standards.

In 2021 we reviewed these policies and re-affirmed our commitment to them.

H.W. COATES (HOLDINGS) LIMITED

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

S172 (1) (f) The need to act fairly between members of the Group

The Group aims for sustained, profitable growth and reinvests the majority of its profits to do this. This ensures our Balance Sheet is strong and our Group is resilient, to the benefit of all members.

Our results this year are consistent with our aim to build a strong foundation for fair dealing.

H.W. COATES (HOLDINGS) LIMITED

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

ENVIRONMENTAL MATTERS

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 requires the Group to disclose annual UK energy consumption and greenhouse gas emissions from SECR regulated sources.

The information below has been prepared and disclosed on a consolidated basis and includes all subsidiaries.

The Group is committed to responsible energy management and practice energy efficiency throughout the organisation, wherever it is cost effective. It is recognised that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

The following actions have been identified for the purpose of increasing the business energy efficiency in the next financial year and beyond:

- To ensure all LGVs purchased have latest Euro fuel efficient engines, currently Euro 6;
- Fit aerodynamics to vehicles;
- To ensure speed limiters on LGVs are set at max 56mph for sites in England and Scotland;
- Train all drivers in safe and efficient driving;
- Utilise networks to potential (reduction own truck mileage);
- Purchase Electric fork lift trucks where possible;
- Smart auto shut down FLT charges;
- Fit LED Lighting with motion sensors; and
- Implement renewable energy (solar panels/wind turbines).

The following energy efficiency measures are under consideration for implementation during 2022:

- Phasing out the use of diesel as a fuel for buildings (heating etc.) and replace with alternatives;
- Replace diesel FLTs with electric such as lithium ion; and
- Continue to purchase vehicles with the latest Euro fuel efficient engines.

The total consumption (kWh) figures for energy supplies reportable by the Group during the year was 28,065,429 (2020 - 28,217,704).

The total emissions (tCO₂e) figures for energy supplies reportable by the Group during the year was 7,368.04 (2020 - 7,478.22). This is split between emissions generated through the use of purchased electricity of 616.05 (2020 - 587.90) and emissions generated through the combustion of gas and consumption of fuels for the purposes of transport of 6751.99 (2020 - 6890.32).

The intensity ratio (kgCO₂e/m²) figures for energy supplies reportable by the Group during the year was 42.56 (2020 - 43.76).

The Group have followed HM Government Environmental Reporting Guidelines (March 2019) and have used the 2021 UK Government's Conversion Factors to create this report.

The intensity ratio has been calculated using square meterage using information from the ESOS phase 2 report on kgCO₂e per square metre of total area across all sites.

When collecting total energy consumption verifiable data has been used where reasonably practicable.

Electricity, gas and other fuels data has been obtained from meter readings and using invoices from suppliers.

Transport data has been obtained through invoices and data management reports provided by suppliers. Information supplied in litres has been converted to kWh using the UK Government's Conversion Factors (2021) information.


H.W. COATES (HOLDINGS) LIMITED

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

For transport, where information could only be provided in miles (grey fleet) assumption has been made that all vehicles are 'Average' by size and the fuel source is 'unknown'.

For vehicles where only fuel receipts are available, the total amount of fuel used has been estimated using the HM Government's Weekly Road Fuel Prices information. This information has been converted to kWh using the UK Government's Conversion Factors (2021).

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


.....
T H Coates
Director

Date: 13-5-22

H.W. COATES (HOLDINGS) 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation and minority interests, amounted to £17,582,924 (2020 - 14,094,347).

During the year dividends of £8,599,470 (2020 - £2,292,880) were declared by the directors.

DIRECTORS

The directors who served during the year were:

M H A Coates
G G Coates
T H Coates
G W Ball
R Perry
M G M Coates
R L Morris

FUTURE DEVELOPMENTS

An indication of likely future developments is included within the Group Strategic Report set out on page 1.

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments comprise of cash, the main purpose of which is to provide finance for its normal trading operations and for future investment. The Group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations. The main risks arising from the Group's financial instruments are liquidity and credit risks. The Group has clear policies for managing each of these risks, as summarised below.

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generation by its operations and applying debtor collection targets.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the Group provides goods or services on deferred credit terms. Group policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the Group has been continued through internal media methods through which employees' views can be sought on issues which concern them. Throughout the Group there is close consultation between management and other employees on appropriate matters of concern, with a view to keeping employees informed about the progress of the Group's business and the economic factors affecting it.

H.W. COATES (HOLDINGS) LIMITED

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

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Details of engagement with suppliers, customers and others are included within the S172(1) Statement on page 2.

DISABLED EMPLOYEES

The Group gives full consideration to applications from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

EMPLOYEE ENGAGEMENT

Details of employee engagement are included within the S172(1) Statement on page 2.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

Details of environmental matters are included within the Strategic Report on page 4.

BUSINESS RELATIONSHIPS

Details of business relationships are included within the S172(1) Statement on page 2.

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 and the Group'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 and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

Please refer to the Strategic Report on page 1 for further information on the potential impact of the conflict between Russia and Ukraine.

On 8 April 2022 the Group purchased 100% of the Ordinary Share Capital of Abacus Transport Limited. The total consideration paid was £2,442,178 and the net assets acquired were £1,357,076. Completion accounts for the acquisition are being finalised and these figures may therefore be subject to change but, the directors do not expect any material adjustment to be required.

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

H.W. COATES (HOLDINGS) LIMITED

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

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

Tom Coates

.....
T H Coates
Director

Date: 13-5-22

Ladywood House
Ladywood Works
Leicester Road
Lutterworth
Leicestershire
LE17 4HD

H.W. COATES (HOLDINGS) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

H.W. COATES (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H.W. COATES (HOLDINGS) LIMITED

OPINION

We have audited the financial statements of H.W. Coates (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent 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.

H.W. COATES (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H.W. COATES (HOLDINGS) LIMITED (CONTINUED)

OTHER INFORMATION

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

H.W. COATES (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H.W. COATES (HOLDINGS) LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Enquiry of management and those charged with governance around actual, potential or suspected litigation, claims, non-compliance with applicable laws and regulations and fraud.
- Enquiry of entity staff in tax and compliance functions and external advisors to identify any instances of noncompliance with laws and regulations.
- Performing audit work over the risk of management override, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing of financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Discussing with engagement team in relation to how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

USE OF OUR REPORT

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

H.W. COATES (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H.W. COATES (HOLDINGS) LIMITED
(CONTINUED)



Shelley Harvey FCCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditors

Leicester
United Kingdom

Date: 16/5/2022

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Note | 2021 £ | 2020 £ |
|---|------|-------------------|--------------------|
| Turnover | 3 | 73,502,058 | 67,152,919 |
| Cost of sales | | (46,092,808) | (44,098,851) |
| Gross profit | | 27,409,250 | 23,054,068 |
| Administrative expenses | | (8,463,601) | (7,749,240) |
| Exceptional administrative expenses | 15 | (1,366,560) | - |
| Other operating income | 4 | 221,693 | 603,736 |
| Operating profit | 5 | 17,800,782 | 15,908,564 |
| Fair value movements | | 3,376,783 | 1,096,993 |
| Income from investments | | 701,030 | 150,338 |
| Loss on the sale of investments | | (231,445) | - |
| Interest receivable | 10 | 47,252 | 75,291 |
| Interest payable | 11 | (587) | - |
| Other finance expenses | 12 | (109,000) | (33,000) |
| Profit before taxation | | 21,584,815 | 17,198,186 |
| Tax on profit | 13 | (3,917,934) | (3,069,204) |
| Profit for the financial year | | 17,666,881 | 14,128,982 |
| Actuarial gain/(losses) on defined benefit pension scheme | | 7,803,000 | (7,128,000) |
| Movement of deferred tax relating to pension surplus | | (1,950,750) | 1,354,000 |
| Other comprehensive income for the year | | 5,852,250 | (5,774,000) |
| Total comprehensive income for the year | | 23,519,131 | 8,354,982 |
| Profit for the year attributable to: | | | |
| Non-controlling interests | | 83,957 | 34,635 |
| Owners of the parent Company | | 17,582,924 | 14,094,347 |
| | | 17,666,881 | 14,128,982 |
| Total comprehensive income for the year attributable to: | | | |
| Non-controlling interest | | 83,957 | 34,635 |
| Owners of the parent Company | | 23,435,174 | 8,320,347 |
| | | 23,519,131 | 8,354,982 |

The notes on pages 24 to 51 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER: 07107882

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021


| | Note | 2021 £ | 2020 £ |
|--|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Intangible assets | 17 | 3,031,319 | 2,767,573 |
| Tangible assets | 18 | 57,615,770 | 57,186,980 |
| Investment property | 20 | 58,641,029 | 56,777,962 |
| | | <u>119,288,118</u> | <u>116,732,515</u> |
| Current assets | | | |
| Stocks | 21 | 545,246 | 1,167,165 |
| Debtors | 22 | 15,065,515 | 14,145,199 |
| Current asset investments | 23 | 14,452,253 | 9,207,622 |
| Cash at bank and in hand | 24 | 8,556,371 | 13,709,271 |
| | | <u>38,619,385</u> | <u>38,229,257</u> |
| Creditors: amounts falling due within one year | 25 | (7,381,378) | (9,727,589) |
| Net current assets | | <u>31,238,007</u> | <u>28,501,668</u> |
| Total assets less current liabilities | | <u>150,526,125</u> | <u>145,234,183</u> |
| Provisions for liabilities | | | |
| Deferred taxation | 27 | (1,754,026) | - |
| | | <u>(1,754,026)</u> | <u>-</u> |
| Pension asset/(liability) | | 2,774,440 | (8,553,000) |
| Net assets | | <u><u>151,546,539</u></u> | <u><u>136,681,183</u></u> |

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER: 07107882

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--|------|--------------------|--------------------|
| Capital and reserves | | | |
| Called up share capital | 28 | 100 | 100 |
| Revaluation reserve | | 27,177,402 | 25,257,194 |
| Merger reserve | | 13,121,074 | 13,121,074 |
| Profit and loss account | | 111,090,391 | 98,174,895 |
| Equity attributable to owners of the parent Company | | 151,388,967 | 136,553,263 |
| Non-controlling interests | | 157,572 | 127,920 |
| | | 151,546,539 | 136,681,183 |

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


.....
T H Coates
Director

Date: 13 - 5 - 22


The notes on pages 24 to 51 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER: 07107882

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Investments | 19 | <u>1</u> | <u>1</u> |
| | | 1 | 1 |
| Current assets | | | |
| Debtors | 22 | <u>5,099</u> | <u>5,099</u> |
| | | <u>5,099</u> | <u>5,099</u> |
| Total assets less current liabilities | | 5,100 | 5,100 |
| Net assets | | <u>5,100</u> | <u>5,100</u> |
| Capital and reserves | | | |
| Called up share capital | 28 | <u>100</u> | <u>100</u> |
| Profit and loss account | | <u>5,000</u> | <u>5,000</u> |
| | | <u>5,100</u> | <u>5,100</u> |

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


.....
T H Coates
Director

Date: 13 - 5 - 22

The notes on pages 24 to 51 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

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

| | Called up share capital £ | Revaluation reserve £ | Merger reserve £ | Profit and loss account £ | Equity attributable to owners of parent Company £ | Non- controlling interests £ | Total equity £ |
|---|---------------------------------|-----------------------------|------------------------|---------------------------------|--|---------------------------------------|-------------------|
| At 1 January 2020 | 100 | 24,220,205 | 13,121,074 | 93,184,417 | 130,525,796 | 93,285 | 130,619,081 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | 14,094,347 | 14,094,347 | 34,635 | 14,128,982 |
| Actuarial losses on pension scheme | - | - | - | (5,774,000) | (5,774,000) | - | (5,774,000) |
| Contributions by and distributions to owners | | | | | | | |
| Dividends paid | - | - | - | (2,292,880) | (2,292,880) | - | (2,292,880) |
| Transfer to/(from) Profit and Loss Account | - | 1,036,989 | - | (1,036,989) | - | - | - |
| At 1 January 2021 | 100 | 25,257,194 | 13,121,074 | 98,174,895 | 136,553,263 | 127,920 | 136,681,183 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | 17,582,924 | 17,582,924 | 83,957 | 17,666,881 |
| Actuarial gains on pension scheme | - | - | - | 5,852,250 | 5,852,250 | - | 5,852,250 |
| Contributions by and distributions to owners | | | | | | | |
| Dividends paid | - | - | - | (8,599,470) | (8,599,470) | (54,305) | (8,653,775) |
| Transfer to/(from) Profit and Loss Account | - | 1,920,208 | - | (1,920,208) | - | - | - |
| At 31 December 2021 | 100 | 27,177,402 | 13,121,074 | 111,090,391 | 151,388,967 | 157,572 | 151,546,539 |

The notes on pages 24 to 51 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Revaluation reserve

Includes all current and prior period revaluations of investment properties to fair value. Revaluations are recognised in profit or loss in the year they occur and are then transferred from the Profit and Loss Account to the Revaluation Reserve. Any amounts debited or credited to the Revaluation Reserve are not allowable as an expense or income for tax purposes. All amounts are non-distributable.

Merger reserve

Includes all balances arising on previous business combinations which were accounted for using merger accounting. All amounts are non-distributable.

Profit and loss account

Includes all current and prior period retained profits and losses. All amounts are distributable.

H.W. COATES (HOLDINGS) LIMITED

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

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|--------------|
| | £ | £ | £ |
| At 1 January 2020 | 100 | 5,000 | 5,100 |
| Comprehensive income for the year | | | |
| Profit for the year (restated) | - | 2,292,880 | 2,292,880 |
| Dividends paid (restated) | - | (2,292,880) | (2,292,880) |
| At 1 January 2021 | 100 | 5,000 | 5,100 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 8,599,470 | 8,599,470 |
| Dividends paid | - | (8,599,470) | (8,599,470) |
| At 31 December 2021 | 100 | 5,000 | 5,100 |

The notes on pages 24 to 51 form part of these financial statements.

Profit and loss account

Includes all current and prior period retained profits and losses. All amounts are distributable.

Restatement of comparatives

The Company's profit for the year and dividends paid for the year ended 31 December 2020 have been restated to show the flow of dividends received and immediately paid by the Company. In the prior year financial statements, both of these amounts were shown as £nil.

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | 2021 £ | 2020 £ |
|---|--------------------|---------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 17,666,881 | 14,128,982 |
| Adjustments for: | | |
| Amortisation of intangible assets | 712,916 | 615,250 |
| Depreciation of tangible assets | 2,916,094 | 3,079,496 |
| Profit on disposal of tangible assets | (347,737) | (263,708) |
| HP interest paid | 587 | - |
| Interest received | (47,252) | (75,291) |
| Dividends received | (701,030) | (150,338) |
| Taxation charge | 3,917,934 | 3,069,204 |
| Decrease in stocks | 621,919 | 1,363,305 |
| (Increase)/decrease in debtors | (1,136,369) | 260,873 |
| (Decrease)/increase in creditors | (489,749) | 800,545 |
| (Decrease)/increase in net pension assets/liabilities | (3,524,440) | 30,000 |
| Net fair value (gains) recognised in P&L | (3,376,783) | (1,096,993) |
| Corporation tax (paid) | (5,066,842) | (2,883,779) |
| Loss on disposal of investments | 231,445 | - |
| Net cash generated from operating activities | 11,377,574 | 18,877,546 |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (1,152,088) | - |
| Purchase of tangible fixed assets | (3,571,744) | (6,996,284) |
| Sale of tangible fixed assets | 395,441 | 894,542 |
| Purchase of investment properties | (59,280) | (526,739) |
| Sale of investment properties | 542,278 | - |
| Purchase of current asset investments | (9,739,898) | (9,147,620) |
| Sale of current asset investments | 5,607,996 | - |
| Interest received | 47,252 | 75,291 |
| HP interest paid | (587) | - |
| Dividends received | 701,030 | 150,338 |
| Net cash from investing activities | (7,229,600) | (15,550,472) |
| Cash flows from financing activities | | |
| Loans received from/(repaid to) directors | (647,099) | 439,778 |
| Dividends paid | (8,599,470) | (2,292,880) |
| Dividends paid to non controlling interests | (54,305) | - |
| Net cash used in financing activities | (9,300,874) | (1,853,102) |

H.W. COATES (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 £ | 2020 £ |
|---|--------------------|-------------------|
| Net (decrease)/increase in cash and cash equivalents | (5,152,900) | 1,473,972 |
| Cash and cash equivalents at beginning of year | 13,709,271 | 12,235,299 |
| Cash and cash equivalents at the end of year | 8,556,371 | 13,709,271 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 8,556,371 | 13,709,271 |
| | 8,556,371 | 13,709,271 |

The notes on pages 24 to 51 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | At 1 January 2021 £ | Cash flows £ | Acquisition and disposal of subsidiaries £ | Other non- cash changes £ | At 31 December 2021 £ |
|--------------------------|------------------------------|------------------|--|------------------------------------|--------------------------------|
| Cash at bank and in hand | 13,709,271 | (5,172,226) | 19,326 | - | 8,556,371 |
| Debt due within 1 year | (784,451) | 761,062 | - | - | (23,389) |
| Liquid investments | 9,207,622 | 4,088,730 | - | 1,155,901 | 14,452,253 |
| | <u>22,132,442</u> | <u>(322,434)</u> | <u>19,326</u> | <u>1,155,901</u> | <u>22,985,235</u> |

The notes on pages 24 to 51 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

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

1. ACCOUNTING POLICIES

1.1 COMPANY INFORMATION

The entity is a private company limited by shares, which is incorporated in England and Wales. The registered office is Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD.

1.2 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 United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the Group's accounting policies (see note 2).

The Group's functional and presentational currency is British Pound Sterling (£).

The following principal accounting policies have been applied:

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

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

1. ACCOUNTING POLICIES (CONTINUED)

1.4 REVENUE

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

Sale of goods

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

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 Group 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.

1.5 OPERATING LEASE: LESSEE

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

1.6 OPERATING LEASE: LESSOR

Rentals received under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

1.7 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Profit and Loss Account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

H.W. COATES (HOLDINGS) LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)**1.8 INTEREST INCOME**

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

1.9 CURRENT AND DEFERRED TAXATION

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.10 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over its useful economic life.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

| | | |
|----------|---|-----------------------------|
| Goodwill | - | 10% straight line per annum |
|----------|---|-----------------------------|

1.11 TANGIBLE FIXED ASSETS

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

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

Land is not depreciated. Depreciation on other assets 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 bases:

| | |
|-------------------------|-------------------------------------|
| Freehold property | - 1% - 10% straight line per annum |
| Long leasehold property | - 1% - 10% straight line per annum |
| Plant and machinery | - 10% straight line per annum |
| Motor vehicles | - 10% - 25% straight line per annum |
| Office equipment | - 10% - 25% straight line per annum |
| Forklift trucks | - 14% straight line per annum |

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 Consolidated Profit and Loss Account.

H.W. COATES (HOLDINGS) LIMITED

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

1. ACCOUNTING POLICIES (CONTINUED)

1.12 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

1.13 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Profit and Loss Account.

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

1.15 DEBTORS

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

1.16 CURRENT ASSET INVESTMENTS

Investments in managed investment funds are initially measured at cost and subsequently measured at fair value. Fair value is determined by the managed investment fund managers and is based on the underlying investments. Changes in fair value are recognised in the Consolidated Profit and Loss Account.

1.17 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice. 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.18 CREDITORS

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.19 FINANCIAL INSTRUMENTS

The Group 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at transaction price net of transaction costs 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Consolidated Profit and Loss Account.

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 Group would receive for the asset if it were to be sold at the balance sheet date.

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.20 PENSIONS

DEFINED CONTRIBUTION PENSION PLANS

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in liabilities in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

DEFINED BENEFIT PENSION PLANS

The Group operates three defined benefit plans for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the Balance Sheet in respect of the defined benefit plans is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in the Consolidated Profit and Loss Account as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Consolidated Profit and Loss Account as a 'finance expense'.

1.21 EXCEPTIONAL ITEMS

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

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

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of intangible fixed assets

The directors consider that the useful economic life of the goodwill included within these financial statements cannot be reliably measured. As a result, the directors have adopted the maximum useful economic life allowed under FRS 102. The director do not expect any adjustment to the useful economic lives to be material to the financial statements. See note 17 for the carrying amount of the intangible fixed assets, and note 1.10 for the useful economic lives.

(ii) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 18 for the carrying amount of the tangible fixed assets, and note 1.11 for the useful economic lives for each class of assets.

(iii) Fair value of investment property

The fair value of the investment properties is sensitive to changes in the current market. The fair value adjustments have no effect on tax charges, dividends proposed or directors' remuneration and are therefore purely an accounting exercise to comply with FRS 102. In the opinion of the directors, fair value can be measured reliably by the directors.

(iv) Defined benefit pension schemes valuation

The valuation for the Group's three Defined Benefit Pension Schemes is recognised in the Balance Sheet. This is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. This is sensitive to change in the assumptions made by the actuaries who have been appointed to value the schemes. See note 31 for the assumptions made for the pension commitments, and note 1.20 for the pension accounting policies.

(v) Fair value of current asset investments

The fair value of current asset investments is sensitive to changes in the current market. The Group invests in a managed investment fund which is remeasured to fair value at each reporting date. Fair value is determined by the fund managers based on the underlying assets of the fund.

H.W. COATES (HOLDINGS) LIMITED

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

3. TURNOVER

An analysis of turnover by class of business is as follows:

| | 2021 £ | 2020 £ |
|----------------------------------|-------------------|-------------------|
| Sale of goods | 3,682,380 | 3,200,733 |
| Transport and warehouse services | 61,402,317 | 54,303,801 |
| Rent | 7,723,484 | 7,221,803 |
| Other | 693,877 | 2,426,582 |
| | <u>73,502,058</u> | <u>67,152,919</u> |

All turnover arose within the United Kingdom.

4. OTHER OPERATING INCOME

| | 2021 £ | 2020 £ |
|------------------------------|----------------|----------------|
| Government grants receivable | 221,693 | 603,736 |
| | <u>221,693</u> | <u>603,736</u> |

Government grants received during the year relate to the Job Retention Scheme which was introduced by the Government to aid businesses during the Covid-19 pandemic. The grant is in relation to the expense of specific employees who were placed on furlough leave during the pandemic and has been recognised in the same period as the related expense.

5. OPERATING PROFIT

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

| | 2021 £ | 2020 £ |
|---|------------------|-----------|
| Depreciation of tangible fixed assets | 2,916,094 | 3,079,496 |
| Loss/(profit) on disposal of fixed assets | 8,891 | (263,708) |
| Operating lease rentals | 745,202 | 1,380,724 |
| Amortisation of goodwill | 712,916 | 615,250 |
| Profit on disposal of investment properties | <u>(356,628)</u> | <u>-</u> |

H.W. COATES (HOLDINGS) LIMITED

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

6. AUDITORS' REMUNERATION

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts | 7,500 | 7,500 |
| | <u>7,500</u> | <u>7,500</u> |
| The auditing of accounts of associates of the company pursuant to legislation | 23,750 | 26,000 |
| Taxation compliance services | 5,500 | 4,650 |
| All other non-audit services not included above | 14,000 | 12,350 |
| | <u>43,250</u> | <u>43,000</u> |

Fees payable to the Group's auditor and its associates in connection with the Company's pension scheme(s) in respect of:

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| The auditing of accounts of the schemes | 16,500 | 10,200 |
| | <u>16,500</u> | <u>10,200</u> |

7. DIRECTORS' REMUNERATION

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Directors' emoluments | 1,359,004 | 1,350,647 |
| Company contributions to defined contribution pension schemes | 60,908 | 58,761 |
| | <u>1,419,912</u> | <u>1,409,408</u> |

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

The highest paid director received remuneration of £530,395 (2020 - £556,517).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,000 (2020 - £5,500).

H.W. COATES (HOLDINGS) LIMITED

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

8. EMPLOYEES

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

| | Group 2021 £ | Group 2020 £ |
|--|-----------------------------|-----------------------------|
| Wages and salaries | 13,642,069 | 13,126,343 |
| Social security costs | 1,451,317 | 1,386,930 |
| Pension costs | 555,632 | 552,507 |
| Defined benefit pension scheme current service costs | 165,000 | 216,000 |
| Provision for GMP equalisation | 1,366,560 | - |
| | <u>17,180,578</u> | <u>15,281,780</u> |

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

| | 2021 No. | 2020 No. |
|---|---------------------|---------------------|
| Drivers, fitters, warehouse and maintenance | 276 | 285 |
| Managers and office | 120 | 125 |
| Working directors | 7 | 7 |
| | <u>403</u> | <u>417</u> |

9. INCOME FROM INVESTMENTS

| | 2021 £ | 2020 £ |
|--|-----------------------|-----------------------|
| Dividends received from managed investment funds | 701,030 | 150,338 |
| | <u>701,030</u> | <u>150,338</u> |

10. INTEREST RECEIVABLE

| | 2021 £ | 2020 £ |
|---------------------|----------------------|----------------------|
| Interest receivable | 47,252 | 75,291 |
| | <u>47,252</u> | <u>75,291</u> |

H.W. COATES (HOLDINGS) LIMITED

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

11. INTEREST PAYABLE

| | 2021 £ | 2020 £ |
|--------------------------------|------------|-----------|
| Hire purchase interest payable | 587 | - |
| | <u>587</u> | <u>-</u> |

12. OTHER FINANCE EXPENSE

| | 2021 £ | 2020 £ |
|---|----------------|---------------|
| Net interest on net defined benefit pension schemes | 109,000 | 33,000 |
| | <u>109,000</u> | <u>33,000</u> |

13. TAXATION

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| CORPORATION TAX | | |
| Current tax on profits for the year | 3,140,981 | 2,975,473 |
| Adjustments in respect of previous periods | - | (46,043) |
| | <u>3,140,981</u> | <u>2,929,430</u> |
| TOTAL CURRENT TAX | <u>3,140,981</u> | <u>2,929,430</u> |
| DEFERRED TAX | | |
| Origination and reversal of timing differences | (445,797) | 145,794 |
| Defined benefit pension scheme | 1,222,750 | (6,020) |
| TOTAL DEFERRED TAX | <u>776,953</u> | <u>139,774</u> |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | <u>3,917,934</u> | <u>3,069,204</u> |

H.W. COATES (HOLDINGS) LIMITED

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

13. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

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

| | 2021 £ | 2020 £ |
|--|-------------------|------------|
| Profit on ordinary activities before tax | 21,584,815 | 17,198,186 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | 4,101,115 | 3,267,655 |
| EFFECTS OF: | | |
| Non-tax deductible amortisation of goodwill and impairment | (679,617) | 116,856 |
| Income and expenses not deductible for tax purposes | 455,395 | (204,981) |
| Capital allowances for year in excess of depreciation | (4,015) | (32,345) |
| Adjustments to tax charge in respect of prior periods | - | (46,043) |
| Capital gains | 16,438 | 4,703 |
| Dividends from UK companies | (133,196) | (28,564) |
| Other differences leading to an increase/(decrease) in the tax charge | 161,814 | (8,077) |
| TOTAL TAX CHARGE FOR THE YEAR | 3,917,934 | 3,069,204 |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

From 1 April 2023, the corporation tax main rate will increase to 25% for profits over £250,000. A small profits rate will also be introduced for profits of £50,000 or less, charging corporation tax at 19%. Profits between £50,000 and £250,000 will be taxed at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

14. DIVIDENDS

| | 2021 £ | 2020 £ |
|--|------------------|-----------|
| Dividends paid on ordinary share capital | 8,599,470 | 2,292,880 |
| | 8,599,470 | 2,292,880 |

H.W. COATES (HOLDINGS) LIMITED

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

15. EXCEPTIONAL ITEMS

| | 2021 £ | 2020 £ |
|--------------------------------|------------------|-----------|
| Provision for GMP equalisation | 1,366,560 | - |
| | <u>1,366,560</u> | <u>-</u> |

The High Court in England has ruled that pension schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. A provision has been recognised in the financial statements for these past service costs and forms part of the net pension asset shown in note 31.

16. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent company for the year was £8,599,470 (2020 - £2,292,880).

17. INTANGIBLE ASSETS**Group**

| | Goodwill £ |
|-----------------------|------------------|
| COST | |
| At 1 January 2021 | 6,535,228 |
| Additions | 976,662 |
| At 31 December 2021 | <u>7,511,890</u> |
| AMORTISATION | |
| At 1 January 2021 | 3,767,655 |
| Charge for the year | 712,916 |
| At 31 December 2021 | <u>4,480,571</u> |
| NET BOOK VALUE | |
| At 31 December 2021 | <u>3,031,319</u> |
| At 31 December 2020 | <u>2,767,573</u> |

H.W. COATES (HOLDINGS) LIMITED

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

18. TANGIBLE FIXED ASSETS

Group

| | Freehold property £ | Long leasehold property £ | Assets under construction £ | Plant and equipment £ | Motor vehicles £ |
|---|---------------------------|------------------------------------|--------------------------------------|-----------------------------|------------------------|
| COST OR VALUATION | | | | | |
| At 1 January 2021 (as previously stated) | 48,137,776 | 3,208,611 | 2,699,689 | 4,152,071 | 6,736,306 |
| Prior Year Adjustment | 765,307 | (675,095) | - | 1,263,971 | 2,710,097 |
| At 1 January 2021 (as restated) | 48,903,083 | 2,533,516 | 2,699,689 | 5,416,042 | 9,446,403 |
| Additions | 1,717,946 | 179,111 | - | 648,428 | 372,903 |
| Acquisition of subsidiary | 132,373 | - | - | 18,109 | 26,490 |
| Disposals | (210,046) | - | (41,224) | (671,237) | (833,619) |
| Transfers between classes | 2,658,465 | - | (2,658,465) | - | - |
| At 31 December 2021 | 53,201,821 | 2,712,627 | - | 5,411,342 | 9,012,177 |
| DEPRECIATION | | | | | |
| At 1 January 2021 (as previously stated) | 4,997,977 | 478,550 | - | 1,537,511 | 1,968,828 |
| Prior Year Adjustment | 123,164 | (32,948) | - | 1,237,029 | 2,710,096 |
| At 1 January 2021 (as restated) | 5,121,141 | 445,602 | - | 2,774,540 | 4,678,924 |
| Charge for the year | 682,112 | 48,220 | - | 581,508 | 1,199,753 |
| Disposals | (76,683) | - | - | (624,099) | (652,575) |
| At 31 December 2021 | 5,726,570 | 493,822 | - | 2,731,949 | 5,226,102 |
| NET BOOK VALUE | | | | | |
| At 31 December 2021 | 47,475,251 | 2,218,805 | - | 2,679,393 | 3,786,075 |
| At 31 December 2020 (as restated) | 43,781,942 | 2,087,914 | 2,699,689 | 2,641,502 | 4,767,479 |

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

18. TANGIBLE FIXED ASSETS (CONTINUED)

| | Office equipment £ | Forklift trucks £ | Total £ |
|--|--------------------------|-------------------------|-------------|
| COST OR VALUATION | | | |
| At 1 January 2021 (as previously stated) | 442,585 | 3,019,276 | 68,396,314 |
| Prior Year Adjustment | 70,846 | 180,714 | 4,315,840 |
| At 1 January 2021 (as restated) | 513,431 | 3,199,990 | 72,712,154 |
| Additions | 109,202 | 544,154 | 3,571,744 |
| Acquisition of subsidiary | 500 | - | 177,472 |
| Disposals | (93,640) | (69,365) | (1,919,131) |
| Transfers between classes | - | - | - |
| At 31 December 2021 | 529,493 | 3,674,779 | 74,542,239 |
| DEPRECIATION | | | |
| At 1 January 2021 (as previously stated) | 213,646 | 2,012,822 | 11,209,334 |
| Prior Year Adjustment | 70,848 | 207,651 | 4,315,840 |
| At 1 January 2021 (as restated) | 284,494 | 2,220,473 | 15,525,174 |
| Charge for the year | 99,958 | 304,543 | 2,916,094 |
| Disposals | (92,078) | (69,364) | (1,514,799) |
| At 31 December 2021 | 292,374 | 2,455,652 | 16,926,469 |
| NET BOOK VALUE | | | |
| At 31 December 2021 | 237,119 | 1,219,127 | 57,615,770 |
| At 31 December 2020 (as restated) | 228,937 | 979,517 | 57,186,980 |

Land with a value of £9,451,042 (2020 - £9,451,042) is included in freehold property and is not depreciated.

The cost and depreciation at 1 January 2021 has been amended to reflect previous fixed asset disposals and transfers between classes by the group. There was no resultant impact on the total net book value of tangible fixed assets, reserves or the Profit and Loss Account.

H.W. COATES (HOLDINGS) LIMITED

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

19. FIXED ASSET INVESTMENTS**Company**

| | Investments in subsidiary companies £ |
|--------------------------------|---|
| COST AND NET BOOK VALUE | |
| At 1 January 2021 | 1 |
| At 31 December 2021 | <u>1</u> |

DIRECT SUBSIDIARY UNDERTAKING

The following was a direct subsidiary undertaking of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|---------------------|--|---------------------------------|--------------------|---------|
| H.W. Coates Limited | Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD | Warehousing and distribution | Ordinary | 100% |

H.W. COATES (HOLDINGS) LIMITED

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

19. FIXED ASSET INVESTMENTS (CONTINUED)**INDIRECT SUBSIDIARY UNDERTAKINGS**

The following were indirect subsidiary undertakings of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|-----------------------------|--|---|------------------------|----------------|
| The Hazchem Network Limited | Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD | Pallet network specialising in chemical goods | Ordinary | 86.42% |
| Rase Distribution Limited | Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD | Warehousing and distribution | Ordinary | 100% |
| The Fileroom Limited | Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD | Archiving and storage | Ordinary | 100% |

All the group companies prepared their accounts to 31 December in the current year and have been included in the consolidation. The Hazchem Network Limited No. 04970333 and The Fileroom Limited No. 04704262 have taken exemption from audit under S479A of the Companies Act 2006. In accordance with this subsection, H.W. Coates (Holdings) Limited has given a guarantee as set out in S479C over the liabilities of these companies.

H.W. COATES (HOLDINGS) LIMITED

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

20. INVESTMENT PROPERTY**Group**

| | Freehold investment property £ |
|----------------------------|---|
| VALUATION | |
| At 1 January 2021 | 56,777,962 |
| Additions at cost | 59,280 |
| Disposals | (185,650) |
| Surplus on revaluation | 1,989,437 |
| AT 31 DECEMBER 2021 | 58,641,029 |

Freehold investment properties were revalued to fair value as at 31 December 2021. The valuation was completed by the directors based on current market rents and property yields as well as CPI data.

Investment properties included at a total valuation of £4,375,927 (2020 - £4,506,835) are pledged as security against the Bond Estates Holdings Limited Pension Fund, a pension scheme of which the Group is the principal employer.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

| | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| Historic cost | 31,482,142 | 31,539,283 |
| Accumulated depreciation and impairments | (5,848,417) | (4,327,032) |
| | 25,633,725 | 27,212,251 |

21. STOCKS

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|---------------------------------|--------------------|--------------------|----------------------|----------------------|
| Finished goods | 339,568 | 934,473 | - | - |
| Diesel and workshop consumables | 205,678 | 232,692 | - | - |
| | 545,246 | 1,167,165 | - | - |

H.W. COATES (HOLDINGS) LIMITED

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

22. DEBTORS

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 11,028,347 | 10,621,763 | - | - |
| Amounts owed by group undertakings | - | - | 5,000 | 5,000 |
| Other debtors | 1,988,363 | 1,063,954 | 99 | 99 |
| Prepayments and accrued income | 1,361,917 | 1,474,754 | - | - |
| Corporation tax recoverable | 686,888 | - | - | - |
| Deferred taxation | - | 984,728 | - | - |
| | 15,065,515 | 14,145,199 | 5,099 | 5,099 |

23. CURRENT ASSET INVESTMENTS

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Managed investment funds | 14,452,253 | 9,207,622 | - | - |
| | 14,452,253 | 9,207,622 | - | - |

24. CASH AND CASH EQUIVALENTS

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 8,556,371 | 13,709,271 | - | - |
| | 8,556,371 | 13,709,271 | - | - |

H.W. COATES (HOLDINGS) LIMITED

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

25. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade creditors | 2,271,171 | 3,980,826 | - | - |
| Corporation tax | 159,991 | 1,379,473 | - | - |
| Other taxation and social security | 1,422,076 | 967,912 | - | - |
| Other creditors | 521,757 | 1,116,032 | - | - |
| Accruals and deferred income | 3,006,383 | 2,283,346 | - | - |
| | 7,381,378 | 9,727,589 | - | - |

26. FINANCIAL INSTRUMENTS

| | Group 2021 £ | Group 2020 £ |
|--|-----------------------------|-----------------------------|
| FINANCIAL ASSETS | | |
| Financial assets measured at fair value through profit or loss | 14,452,253 | 9,207,622 |

Group financial assets measured at fair value comprise current asset investments of £14,452,253 (2020 - £9,207,622).

H.W. COATES (HOLDINGS) LIMITED

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

27. DEFERRED TAXATION**Group**

| | 2021 £ | 2020 £ |
|---|--------------------|------------------|
| At beginning of year | 984,728 | (229,498) |
| Charged to the Consolidated Profit and Loss Account | (776,953) | (139,774) |
| Charged to Other Comprehensive Income | (1,950,750) | 1,354,000 |
| Arising on business combinations | (11,051) | - |
| AT END OF YEAR | (1,754,026) | 984,728 |

The deferred taxation balance is made up as follows:

| | Group 2021 £ | Group 2020 £ |
|--------------------------------|----------------------------------|----------------------------------|
| Accelerated capital allowances | (718,776) | (640,342) |
| Pension (surplus)/deficit | (1,035,250) | 1,625,070 |
| | (1,754,026) | 984,728 |

28. SHARE CAPITAL

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| ALLOTTED, CALLED UP AND FULLY PAID | | |
| 10,000,000 (2020 - 10,000,000) Ordinary shares of £0.00001 each | 100 | 100 |

Each ordinary share has equal voting and distribution rights, including repayment of capital in the event of winding up.

H.W. COATES (HOLDINGS) LIMITED

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

29. CAPITAL COMMITMENTS

At 31 December 2021 the Group and Company had capital commitments as follows:

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Contracted for but not provided in these financial statements in respect of tangible fixed assets | 3,914,229 | 1,768,523 | - | - |
| | 3,914,229 | 1,768,523 | - | - |

H.W. COATES (HOLDINGS) LIMITED

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

30. BUSINESS COMBINATIONS

100% of the share capital of The Fileroom Limited was acquired on 4 January 2021 and has been accounted for using the acquisition method.

Recognised amounts of identifiable assets acquired and liabilities assumed

| | Book value £ | Fair value £ |
|--|-------------------------|-------------------------|
| Tangible | <u>177,472</u> | <u>177,472</u> |
| | 177,472 | 177,472 |
| Debtors | 81,787 | 81,787 |
| Cash at bank and in hand | <u>19,326</u> | <u>19,326</u> |
| TOTAL ASSETS | 278,585 | 278,585 |
| Creditors due within one year | (48,651) | (48,651) |
| Creditors due after one year | (24,131) | (24,131) |
| Deferred tax on differences between fair value and tax bases | <u>(11,051)</u> | <u>(11,051)</u> |
| TOTAL IDENTIFIABLE NET ASSETS | 194,752 | 194,752 |
| Goodwill | | <u>976,662</u> |
| TOTAL PURCHASE CONSIDERATION | | 1,171,414 |
| Consideration | | |
| | | £ |
| Cash | | <u>1,171,414</u> |
| TOTAL PURCHASE CONSIDERATION | | 1,171,414 |
| Cash outflow on acquisition | | |
| | | £ |
| Purchase consideration settled in cash, as above | | <u>1,171,414</u> |
| | | 1,171,414 |
| Less: Cash and cash equivalents acquired | | <u>19,326</u> |
| NET CASH OUTFLOW ON ACQUISITION | | 1,152,088 |

H.W. COATES (HOLDINGS) LIMITED

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

31. PENSION COMMITMENTS

The Group operates defined contribution stakeholder pension schemes.

The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £515,717 (2020 - £497,289). Contributions totalling £94,982 (2020 - £76,279) were payable to the funds at the balance sheet date.

The Group operates three defined benefit pension schemes.

The schemes are UK-based and are closed to new entrants. The most recent full funding assessments were at 6 April 2018 for the Firmin Coates Limited Retirement Benefits Scheme, 31 August 2018 for the H.W. Coates Limited Retirement Benefits Scheme and 1 October 2020 for the Bond Estates Holdings Limited Pension Fund.

The method used to obtain the present value of scheme liabilities was an approximate conversion and update of the last full funding assessments.

Reconciliation of present value of plan liabilities:

| | 2021 £ | 2020 £ |
|-------------------------------|-------------------|-------------------|
| At the beginning of the year | 49,218,000 | 42,668,000 |
| Current service cost | 165,000 | 216,000 |
| Interest expense | 635,000 | 855,000 |
| Actuarial (gains)/losses | (2,966,000) | 7,193,000 |
| Benefits paid | (1,500,000) | (1,714,000) |
| AT THE END OF THE YEAR | 45,552,000 | 49,218,000 |

Reconciliation of present value of plan assets:

| | 2021 £ | 2020 £ |
|-------------------------------|-------------------|-------------------|
| At the beginning of the year | 40,665,000 | 41,273,000 |
| Interest income | 526,000 | 822,000 |
| Actuarial gains | 4,837,000 | 65,000 |
| Contributions | 5,165,000 | 219,000 |
| Benefits paid | (1,500,000) | (1,714,000) |
| AT THE END OF THE YEAR | 49,693,000 | 40,665,000 |

H.W. COATES (HOLDINGS) LIMITED

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

31. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

| | 2021 £ | 2020 £ |
|---|-------------------|--------------------|
| Equities (including properties) | 37,768,000 | 29,791,000 |
| Bonds | 9,823,000 | 7,985,000 |
| Cash | 2,102,000 | 2,889,000 |
| TOTAL PLAN ASSETS | 49,693,000 | 40,665,000 |
| | 2021 £ | 2020 £ |
| Fair value of plan assets | 49,693,000 | 40,665,000 |
| Present value of plan liabilities | (45,552,000) | (49,218,000) |
| Provision for GMP equalisation | (1,366,560) | - |
| NET PENSION SCHEME ASSET/(LIABILITY) | 2,774,440 | (8,553,000) |

The amounts recognised in the Consolidated Profit and Loss Account are as follows:

| | 2021 £ | 2020 £ |
|--------------------------------|------------------|----------------|
| Current service cost | 165,000 | 216,000 |
| Net interest expense | 109,000 | 33,000 |
| Provision for GMP equalisation | 1,366,560 | - |
| TOTAL | 1,640,560 | 249,000 |
| Actual return on scheme assets | 5,363,000 | 887,000 |
| | 5,363,000 | 887,000 |

The cumulative amount of actuarial losses recognised in the Consolidated Profit and Loss Account was £5,665,000 (2020 - £13,468,000).

The Group expects to contribute £nil to its defined benefit pension schemes in 2022.

H.W. COATES (HOLDINGS) LIMITED

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

31. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2021 | 2020 |
|---|-------------|-------------|
| | % | % |
| Discount rate | 1.8 | 1.3 |
| Consumer price inflation | 3.0 | 2.6 |
| Future pension increases for pensions in payment | 2.9 | 1.9 |
| Future pension increases for deferred pensions | 3.0 | 2.5 |
| Assuming retirement at age 65, the life expectancies in years are as follows: | | |
| For a male aged 65 now | 21.3 | 21.3 |
| At 65 for a male aged 45 now | 22.8 | 22.3 |
| For a female aged 65 now | 23.0 | 23.2 |
| At 65 for a female member aged 45 now | 24.4 | 24.4 |

32. COMMITMENTS PAYABLE UNDER OPERATING LEASES

At 31 December 2021 the Group had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Not later than 1 year | 435,253 | 489,130 | - | - |
| Later than 1 year and not later than 5 years | 1,214,351 | 336,924 | - | - |
| Later than 5 years | 259,102 | 189,918 | - | - |
| | 1,908,706 | 1,015,972 | - | - |

H.W. COATES (HOLDINGS) LIMITED

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

33. COMMITMENTS RECEIVABLE UNDER OPERATING LEASES

At 31 December 2021 the Group had future minimum lease payments receivable under non-cancellable operating leases as follows:

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Not later than 1 year | 6,150,611 | 6,456,758 | - | - |
| Later than 1 year and not later than 5 years | 9,414,122 | 9,656,653 | - | - |
| Later than 5 years | 2,872,151 | 1,505,522 | - | - |
| | <u>18,436,884</u> | <u>17,618,933</u> | <u>-</u> | <u>-</u> |

34. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are as follows:

| | 2021 £ | 2020 £ |
|---------------------------------------|----------------------|-------------------|
| Loans due to key management personnel | 23,389 | 670,488 |
| Loans due to other related parties | - | 113,963 |
| | <u>23,389</u> | <u>784,451</u> |

Total key management personnel compensation for the year was £1,586,096 (2020 - £1,572,461).

35. POST BALANCE SHEET EVENTS

Post year end, the conflict between Russia and Ukraine has impacted global oil supplies which in turn, has caused volatility in the price of diesel. The directors do not expect there to be any material long term impact on the business as a result of this.

On 8 April 2022 the Group purchased 100% of the Ordinary Share Capital of Abacus Transport Limited. The total consideration paid was £2,442,178 and the net assets acquired were £1,357,076. Completion accounts for the acquisition are being finalised and these figures may therefore be subject to change but, the directors do not expect any material adjustment to be required.

36. CONTROLLING PARTY

The ultimate controlling parties are M H A Coates and G G Coates.