

Company Registration No. 08041856 (England and Wales)

WILLIAM HACKETT HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

WILLIAM HACKETT HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr T J Burgess Mrs E A Burgess Mr A Lloyd Mrs H E Reynolds Mr J A Burgess
Secretary	Mr P Davies
Company number	08041856
Registered office	Oak Drive Lionheart Enterprise Park Alnwick Northumberland United Kingdom NE66 2EU
Auditor	Azets Audit Services Harance House Rumer Hill Business Estate Rumer Hill Road Cannock Staffordshire United Kingdom WS11 0ET

WILLIAM HACKETT HOLDINGS LIMITED

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WILLIAM HACKETT HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present the strategic report for the year ended 31 August 2021.

Fair review of the business

The Directors are satisfied with the results of the group for the year given the challenges and uncertainties faced due to the Coronavirus pandemic.

Principal risks and uncertainties

The group monitors costs and revenue on a constant basis to protect the financial stability of the group.

The current market is stable with potential for growth.

The directors believe that they have taken all necessary and reasonable steps to protect the group. Although the group operates and trades outside of the UK, the majority of sales are within the UK and the directors do constantly review exchange rates, so any fluctuations should not have a major impact on the group's performance.

The directors do realise that events outside their control will affect the performance of the group.

Key performance indicators

The directors consider that the key financial indicators are turnover, gross profit margin and net profit.

The turnover for the group has decreased from £18.41m to £17.35m, a decrease of 5.75%.

The gross profit for the year is £6.58m giving a margin of 37.91% (2020 - £6.81m giving a margin of 37.00%).

The profit before tax has decreased from £2.36m to £2.03m.

On behalf of the board

Mr T J Burgess
Director

20 May 2022

WILLIAM HACKETT HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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

Principal activities

The principal activity of the company and group continued to be that of the assembly and sale of chain products.

Results and dividends

The results for the year are set out on pages 7 to 8.

Ordinary dividends were paid amounting to £881,638 (2020 - £356,235). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T J Burgess
Mrs E A Burgess
Mr A Lloyd
Mrs H E Reynolds
Mr J A Burgess

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr T J Burgess
Director

20 May 2022

WILLIAM HACKETT HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WILLIAM HACKETT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILLIAM HACKETT HOLDINGS LIMITED

Opinion

We have audited the financial statements of William Hackett Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 August 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 and 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

WILLIAM HACKETT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WILLIAM HACKETT HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

WILLIAM HACKETT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WILLIAM HACKETT HOLDINGS LIMITED

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, 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 indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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

Lee Meredith ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

20 May 2022

Chartered Accountants
Statutory Auditor

Harance House
Rumer Hill Business Estate
Rumer Hill Road
Cannock
Staffordshire
United Kingdom
WS11 0ET

WILLIAM HACKETT HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Continuing operations £	Discontinued operations £	31 August 2021 £	Continuing operations £	Discontinued operations £	31 August 2020 £
Turnover	3	13,102,493	4,245,809	17,348,302	11,626,372	6,779,618	18,406,190
Cost of sales		(8,392,008)	(2,380,320)	(10,772,328)	(7,773,152)	(3,821,175)	(11,594,327)
Gross profit		4,710,485	1,865,489	6,575,974	3,853,220	2,958,443	6,811,863
Distribution costs		(954,161)	(466,079)	(1,420,240)	(932,454)	(788,710)	(1,721,164)
Administrative expenses		(2,301,712)	(870,241)	(3,171,953)	(2,366,473)	(1,229,241)	(3,595,714)
Other operating income		122,774	38,676	161,450	904,451	72,530	976,981
Operating profit	7	1,577,386	567,845	2,145,231	1,458,744	1,013,222	2,471,966
Share of results of associates and joint ventures		57,345	-	57,345	-	-	-
Interest receivable and similar income	10	58,974	-	58,974	216	-	216
Interest payable and similar expenses	9	(119,921)	(2,893)	(122,814)	(91,788)	(21,023)	(112,811)
Amounts written off investments	11	-	(104,501)	(104,501)	-	-	-
Profit before taxation		1,573,784	460,451	2,034,235	1,367,172	992,199	2,359,371
Tax on profit	13	(287,448)	(110,031)	(397,479)	(239,790)	(128,677)	(368,467)
Profit for the financial year		1,286,336	350,420	1,636,756	1,127,382	863,522	1,990,904

WILLIAM HACKETT HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Notes	Continuing operations	Discontinued operations	31 August 2021	Continuing operations	Discontinued operations	31 August 2020
	£	£	£	£	£	£
			1,372,985			1,787,850
			263,771			203,054
			<u>1,636,756</u>			<u>1,990,904</u>

Profit for the financial year is attributable to:

- Owners of the parent company
- Non-controlling interests

WILLIAM HACKETT HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

	2021	2020
	£	£
Profit for the year	1,636,756	1,990,904
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,636,756</u>	<u>1,990,904</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	1,372,985	1,787,850
- Non-controlling interests	<u>263,771</u>	<u>203,054</u>
	<u>1,636,756</u>	<u>1,990,904</u>

WILLIAM HACKETT HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	15	3,052,883		2,834,519	
Investments	16	88,838		-	
		<u>3,141,721</u>		<u>2,834,519</u>	
Current assets					
Stocks	19	4,021,549		4,989,506	
Debtors	20	4,962,083		3,562,202	
Cash at bank and in hand		3,175,155		3,743,341	
		<u>12,158,787</u>		<u>12,295,049</u>	
Creditors: amounts falling due within one year	21	<u>(3,068,992)</u>		<u>(3,534,154)</u>	
Net current assets			9,089,795		8,760,895
Total assets less current liabilities			12,231,516		11,595,414
Creditors: amounts falling due after more than one year	22		(1,190,715)		(1,004,118)
Provisions for liabilities					
Deferred tax liability	25	59,334		68,151	
		<u>(59,334)</u>		<u>(68,151)</u>	
Deferred grants	27		-		(47,919)
Net assets			<u>10,981,467</u>		<u>10,475,226</u>
Capital and reserves					
Called up share capital	28		3,916		3,916
Share premium account			-		103,572
Revaluation reserve			306,320		311,818
Capital redemption reserve			-		28,916
Profit and loss reserves			<u>10,298,273</u>		<u>9,537,302</u>
Equity attributable to owners of the parent company			10,608,509		9,985,524
Non-controlling interests			372,958		489,702
			<u>10,981,467</u>		<u>10,475,226</u>

WILLIAM HACKETT HOLDINGS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2021

The financial statements were approved by the board of directors and authorised for issue on 20 May 2022 and are signed on its behalf by:

Mr T J Burgess
Director

WILLIAM HACKETT HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	15	2,941,928		2,424,073	
Investments	16	106		200	
		<u>2,942,034</u>		<u>2,424,273</u>	
Current assets					
Debtors	20	3,315,428		2,018,666	
Cash at bank and in hand		3,030,267		3,399,991	
		<u>6,345,695</u>		<u>5,418,657</u>	
Creditors: amounts falling due within one year	21	<u>(255,131)</u>		<u>(333,772)</u>	
Net current assets			6,090,564		5,084,885
Total assets less current liabilities			<u>9,032,598</u>		<u>7,509,158</u>
Creditors: amounts falling due after more than one year	22		(1,190,715)		(997,994)
Provisions for liabilities					
Deferred tax liability	25	44,428		42,744	
		<u>(44,428)</u>		<u>(42,744)</u>	
Net assets			<u>7,797,455</u>		<u>6,468,420</u>
Capital and reserves					
Called up share capital	28	3,916		3,916	
Revaluation reserve		391,944		391,944	
Profit and loss reserves		7,401,595		6,072,560	
Total equity			<u>7,797,455</u>		<u>6,468,420</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,079,035 (2020 - £731,019 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

WILLIAM HACKETT HOLDINGS LIMITED

COMPANY BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2021

The financial statements were approved by the board of directors and authorised for issue on 20 May 2022 and are signed on its behalf by:

Mr T J Burgess

Director

Company Registration No. 08041856

WILLIAM HACKETT HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Share capital	Share premium account	Revaluation reserve	Capital redemption loss reserve	Profit and reserves	Total non-controlling interest	Total	
Notes	£	£	£	£	£	£	£	
Balance at 1 September 2019	3,916	103,572	880,056	28,916	7,473,214	8,489,674	350,863	8,840,557
Year ended 31 August 2020:								
Profit and total comprehensive income for the year	-	-	-	-	1,787,850	1,787,850	203,054	1,990,904
Dividends	-	-	-	-	(292,000)	(292,000)	(64,235)	(356,235)
Transfers	-	-	(568,238)	-	568,238	-	-	-
Balance at 31 August 2020	3,916	103,572	311,818	28,916	9,537,302	9,985,524	489,702	10,475,226
Year ended 31 August 2021:								
Profit and total comprehensive income for the year	-	-	-	-	1,372,985	1,372,985	263,771	1,636,756
Dividends	-	-	-	-	(750,000)	(750,000)	(131,638)	(881,638)
Transfers	-	-	(5,498)	-	5,498	-	-	-
Other movements	-	(103,572)	-	(28,916)	132,488	-	(248,877)	(248,877)
Balance at 31 August 2021	3,916	-	306,320	-	10,298,273	10,608,509	372,958	10,981,467

WILLIAM HACKETT HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

	Share capital	Revaluation reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 September 2019	3,916	401,944	5,623,541	6,029,401
Year ended 31 August 2020:				
Profit and total comprehensive income for the year	-	-	731,019	731,019
Dividends	-	-	(292,000)	(292,000)
Transfers	-	(10,000)	10,000	-
Balance at 31 August 2020	3,916	391,944	6,072,560	6,468,420
Year ended 31 August 2021:				
Profit and total comprehensive income for the year	-	-	2,079,035	2,079,035
Dividends	-	-	(750,000)	(750,000)
Balance at 31 August 2021	3,916	391,944	7,401,595	7,797,455

WILLIAM HACKETT HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	35	812,799	2,482,209
Interest paid		(122,814)	(112,811)
Income taxes paid		(393,491)	(380,593)
Net cash inflow from operating activities		296,494	1,988,805
Investing activities			
Purchase of tangible fixed assets		(646,412)	(793,777)
Proceeds on disposal of tangible fixed assets		-	1,861,000
Proceeds on disposal of investments		1,508,034	-
Loans made		(1,375,000)	-
Interest received		58,974	216
Net cash (used in)/generated from investing activities		(454,404)	1,067,439
Financing activities			
Proceeds of new bank loans		1,320,000	-
Repayment of bank loans		(1,172,099)	(136,080)
Payment of finance leases obligations		(6,962)	(74,989)
Movements on invoice discounting		330,423	(672,409)
Dividends paid to equity shareholders		(750,000)	(292,000)
Dividends paid to non-controlling interests		(131,638)	(64,235)
Net cash used in financing activities		(410,276)	(1,239,713)
Net (decrease)/increase in cash and cash equivalents		(568,186)	1,816,531
Cash and cash equivalents at beginning of year		3,743,341	1,926,810
Cash and cash equivalents at end of year		3,175,155	3,743,341

WILLIAM HACKETT HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	33				
		(1,134,979)		696,040	
Interest paid		(37,617)		(42,530)	
Income taxes paid		(81,129)		(48,397)	
Net cash (outflow)/inflow from operating activities		(1,253,725)		605,113	
Investing activities					
Purchase of tangible fixed assets		(572,770)		(743,498)	
Proceeds on disposal of tangible fixed assets		-		1,939,821	
Proceeds on disposal of investments		1,508,034		-	
Interest received		58,974		216	
Dividends received		491,862		182,765	
Net cash generated from investing activities		1,486,100		1,379,304	
Financing activities					
Proceeds of new bank loans		1,320,000		-	
Repayment of bank loans		(1,172,099)		(136,080)	
Dividends paid to equity shareholders		(750,000)		(292,000)	
Net cash used in financing activities		(602,099)		(428,080)	
Net (decrease)/increase in cash and cash equivalents		(369,724)		1,556,337	
Cash and cash equivalents at beginning of year		3,399,991		1,843,654	
Cash and cash equivalents at end of year		3,030,267		3,399,991	

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

William Hackett Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Oak Drive, Lionheart Enterprise Park, Alnwick, Northumberland, United Kingdom. NE66 2EU.

The group consists of William Hackett Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company William Hackett Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 August 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Freehold land is not depreciated. Freehold buildings are depreciated at either 1% or 2% straight line
Land and buildings Leasehold	Leasehold land is not depreciated. Leasehold buildings are depreciated at 1% straight line
Plant and machinery	10% reducing balance and 10%, 20% or 25% straight line
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock provisions

The group considers it necessary to evaluate the recoverability of the cost of stock. The stock levels are constantly reviewed and, should there be an indication of obsolescence, the stock is written down to its assessed net realisable value.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Principal activity	17,348,302	18,406,190
	<u> </u>	<u> </u>
	2021 £	2020 £
Other significant revenue		
Interest income	58,974	216
Grants received	161,450	204,937
	<u> </u>	<u> </u>

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	11,062,830	11,953,750
Europe	2,607,686	2,151,317
Rest of the World	3,677,786	4,301,123
	<u>17,348,302</u>	<u>18,406,190</u>

4 Exceptional item

	2021 £	2020 £
Other operating income		
Profit on sale of land and buildings	-	772,044
	<u>-</u>	<u>772,044</u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	17,250	24,000
	<u>17,250</u>	<u>24,000</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Directors	7	9	5	5
Staff	35	63	2	2
Total	<u>42</u>	<u>72</u>	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,653,863	3,052,430	278,915	336,644
Pension costs	163,691	187,053	29,726	31,544
	<u>2,817,554</u>	<u>3,239,483</u>	<u>308,641</u>	<u>368,188</u>

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

7 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	59,858	25,003
Government grants	(161,450)	(204,937)
Depreciation of owned tangible fixed assets	99,086	81,516
Depreciation of tangible fixed assets held under finance leases	5,364	7,164
Loss on disposal of tangible fixed assets	4,632	18,505
Operating lease charges	43,013	51,540
	<u> </u>	<u> </u>

8 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	299,858	757,687
Company pension contributions to defined contribution schemes	27,842	79,244
	<u> </u>	<u> </u>
	327,700	836,931
	<u> </u>	<u> </u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	111,745	113,061
Company pension contributions to defined contribution schemes	7,636	9,662
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	37,448	42,530
Interest on invoice finance arrangements	41,009	59,202
Other interest on financial liabilities	43,350	-
	<u> </u>	<u> </u>
	121,807	101,732
Other finance costs:		
Interest on finance leases and hire purchase contracts	838	9,566
Other interest	169	1,513
	<u> </u>	<u> </u>
Total finance costs	122,814	112,811
	<u> </u>	<u> </u>

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	58,974	216
	<u>58,974</u>	<u>216</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	58,974	216
	<u>58,974</u>	<u>216</u>

11 Amounts written off investments

	2021	2020
	£	£
Gain on disposal of investments held at fair value	263,273	-
Impairment on investment in associates	(367,774)	-
	<u>(104,501)</u>	<u>-</u>

12 Discontinued operations

On 19 April 2021 the group disposed of 62% of its shareholding in William Hackett Chain Products Limited.

A gain of £263,273 arose on the disposal, being the proceeds of the sale, less the carrying amount of the business assets at the date of sale.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

13 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	389,412	393,491
Adjustments in respect of prior periods	-	(13,921)
Total current tax	389,412	379,570
Deferred tax		
Origination and reversal of timing differences	8,067	(11,103)
Total tax charge	397,479	368,467

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	2,034,235	2,359,371
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	386,505	448,280
Tax effect of expenses that are not deductible in determining taxable profit	21,410	8,386
Tax effect of income not taxable in determining taxable profit	(1,029)	(1,561)
Gains not taxable	-	(13,459)
Adjustments in respect of prior years	-	(13,921)
Depreciation on assets not qualifying for tax allowances	-	1,331
Other non-reversing timing differences	(1,878)	-
Other permanent differences	-	(60,589)
Deferred tax not posted	(7,529)	-
Taxation charge	397,479	368,467

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

14 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Investments in associates	16	367,774	-
		<u> </u>	<u> </u>
Recognised in:			
Amounts written off investments		367,774	-
		<u> </u>	<u> </u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

15 Tangible fixed assets							
Group	Land and buildings Freehold	Land and buildings Leasehold	Assets under construction	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
Cost or valuation	£	£	£	£	£	£	£
At 1 September 2020	-	1 607 075	578 296	1 835 296	17 592	138 505	4 176 764
Additions	-	-	491 744	41 006	73 642	40 020	646 412
Disposals	-	-	-	(767 903)	(4 817)	(13 306)	(786 026)
Transfers	1 070 040	-	(1 070 040)	-	-	-	-
At 31 August 2021	1 070 040	1 607 075	-	1 108 399	86 417	165 219	4 037 150
Depreciation and impairment							
At 1 September 2020	-	28 016	-	1 250 202	4 559	59 468	1 342 245
Depreciation charged in the year	-	7 004	-	62 043	12 229	23 174	104 450
Eliminated in respect of disposals	-	-	-	(455 106)	(185)	(7 137)	(462 428)
At 31 August 2021	-	35 020	-	857 139	16 603	75 505	984 267
Carrying amount							
At 31 August 2021	1 070 040	1 572 055	-	251 260	69 814	89 714	3 052 883
At 31 August 2020	-	1 579 059	578 296	585 094	13 033	79 037	2 834 519

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Company	Land and buildings Freehold £	Land and buildings Leasehold £	Assets under construction £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2020	-	1,607,075	578,296	432,296	31,456	2,649,123
Additions	-	-	491,744	41,006	40,020	572,770
Transfers	1,070,040	-	(1,070,040)	-	-	-
At 31 August 2021	1,070,040	1,607,075	-	473,302	71,476	3,221,893
Depreciation and impairment						
At 1 September 2020	-	28,016	-	182,536	14,498	225,050
Depreciation charged in the year	-	7,004	-	39,506	8,405	54,915
At 31 August 2021	-	35,020	-	222,042	22,903	279,965
Carrying amount						
At 31 August 2021	1,070,040	1,572,055	-	251,260	48,573	2,941,928
At 31 August 2020	-	1,579,059	578,296	249,760	16,958	2,424,073

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Motor vehicles	16,112	21,476	-	-

The company's land and buildings are carried using the cost model. Upon transition to FRS 102, the directors elected to use the most recent open market valuation from 2016 as its deemed cost.

If the revalued assets were stated on a historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2021 £	2020 £
Group		
Cost	1,360,404	1,360,404
Accumulated depreciation	(94,669)	(93,163)
Carrying value	1,265,735	1,267,241

The revaluation surplus is disclosed separately in the capital and reserves on the balance sheet.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

16 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	18	-	-	100	200
Investments in associates	17	88,838	-	6	-
		<u>88,838</u>	<u>-</u>	<u>106</u>	<u>200</u>

Movements in fixed asset investments Group

	Shares in associates £
Cost or valuation	
At 1 September 2020	-
Additions	456,606
Disposals	6
	<u>456,612</u>
At 31 August 2021	<u>456,612</u>
Impairment	
At 1 September 2020	-
Impairment losses	367,774
	<u>367,774</u>
At 31 August 2021	<u>367,774</u>
Carrying amount	
At 31 August 2021	<u>88,838</u>
At 31 August 2020	<u>-</u>

Movements in fixed asset investments Company

	Shares in subsidiaries and associates £
Cost or valuation	
At 1 September 2020	200
Disposals	(94)
	<u>106</u>
At 31 August 2021	<u>106</u>
Carrying amount	
At 31 August 2021	<u>106</u>
At 31 August 2020	<u>200</u>

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

17 Associates

Details of the company's associates at 31 August 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
William Hackett Chain Products Limited	England & Wales	Ordinary	25

18 Subsidiaries

Details of the company's subsidiaries at 31 August 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
William Hackett Lifting Products Limited	England & Wales	Ordinary	88.00

19 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	4,021,549	4,989,506	-	-

20 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	3,169,858	3,369,846	-	-
Amounts owed by group undertakings	-	-	716,832	558,243
Amounts owed by undertakings in which the company has a participating interest	449,923	-	449,923	-
Other debtors	27,428	89,066	-	15,436
Prepayments and accrued income	89,874	103,290	28,673	25,748
	<u>3,737,083</u>	<u>3,562,202</u>	<u>1,195,428</u>	<u>599,427</u>

Amounts falling due after more than one year:

Amounts owed by group undertakings	-	-	895,000	1,419,239
Amounts owed by undertakings in which the company has a participating interest	1,225,000	-	1,225,000	-
	<u>1,225,000</u>	<u>-</u>	<u>2,120,000</u>	<u>1,419,239</u>

Total debtors	<u>4,962,083</u>	<u>3,562,202</u>	<u>3,315,428</u>	<u>2,018,666</u>
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WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

21 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans	24	1,731,137	1,445,534	91,260	136,080
Obligations under finance leases	23	6,962	7,800	-	-
Trade creditors		669,421	1,080,576	65,486	71,090
Corporation tax payable		270,769	393,491	11,470	72,517
Other taxation and social security		84,190	369,336	36,884	12,769
Other creditors		148,609	100,313	531	316
Accruals and deferred income		157,904	137,104	49,500	41,000
		<u>3,068,992</u>	<u>3,534,154</u>	<u>255,131</u>	<u>333,772</u>

22 Creditors: amounts falling due after more than one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	24	1,190,715	997,994	1,190,715	997,994
Obligations under finance leases	23	-	6,124	-	-
		<u>1,190,715</u>	<u>1,004,118</u>	<u>1,190,715</u>	<u>997,994</u>

23 Finance lease obligations

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	7,800	7,800	-	-
In two to five years	-	7,800	-	-
	<u>7,800</u>	<u>15,600</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(838)	(1,676)	-	-
	<u>6,962</u>	<u>13,924</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

24 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	2,921,852	2,443,528	1,281,975	1,134,074
Payable within one year	1,731,137	1,445,534	91,260	136,080
Payable after one year	1,190,715	997,994	1,190,715	997,994

Group

Included in bank loans and overdrafts are advances from factors totalling £1,639,877 (2020 - £1,309,454) which are secured over the trade debtors of the group and a debenture over the assets of the group.

Group and Company

The total bank loans of £1,281,975 (2020 - £1,134,074) are secured by:

- i) a debenture over all assets of the company,
- ii) a legal charge over Plot 8 Lionheart Industrial Estate, Alnwick, Northumberland, NE66 2HT,
- iii) a legal charge over Plot 6 Lionheart Industrial Estate, Alnwick, Northumberland, NE66 2HT,
- iv) a debenture over all assets of the subsidiary company William Hackett Lifting Products Limited.

25 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	61,439	68,151
Retirement benefit obligations	(2,105)	-
	59,334	68,151
	Liabilities 2021 £	Liabilities 2020 £
Company		
Accelerated capital allowances	44,428	42,744

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

25 Deferred taxation (Continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 September 2020	68,151	42,744
Charge to profit or loss	8,067	1,684
Transfer on disposal	(16,884)	-
	<u>59,334</u>	<u>44,428</u>
Liability at 31 August 2021	<u>59,334</u>	<u>44,428</u>

Group

The deferred tax liability set out above relates to accelerated capital allowances and is expected to reverse within future accounting periods. £20,979 is expected to reverse within 12 months.

Company

The deferred tax liability set out above relates to accelerated capital allowances and is expected to reverse within future accounting periods. £4,096 is expected to reverse within 12 months.

26 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	163,691	187,053
	<u>163,691</u>	<u>187,053</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

27 Deferred grants

	Group 2021 £	2020 £	Company 2021 £	2020 £
Arising from government grants	-	47,919	-	-
	<u>-</u>	<u>47,919</u>	<u>-</u>	<u>-</u>

A grant totalling £82,144 was received for the purchase of plant and equipment. The grant is amortised over 10 years, in line with the depreciation policy of the plant and equipment.

This amount is no longer part of the group and therefore is not shown on the group balance sheet as at 31 August 2021.

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

28 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary A shares of £1 each	392	392	392	392
Ordinary B shares of £1 each	2,544	3,132	2,544	3,132
Ordinary C shares of £1 each	784	392	784	392
Ordinary D shares of £1 each	196	-	196	-
	<u>3,916</u>	<u>3,916</u>	<u>3,916</u>	<u>3,916</u>

All 4 classes of Ordinary shares rank pari passu. They all carry no right to fixed income but shall be entitled to dividends declared from time to time on a discretionary basis.

Reconciliation of movements during the year:

	A Ordinary Number	B Ordinary Number	C Ordinary Number	D Ordinary Number
At 1 September 2020	392	3,132	392	-
Reclassification	-	(588)	392	196
	<u>392</u>	<u>2,544</u>	<u>784</u>	<u>196</u>
At 31 August 2021	<u>392</u>	<u>2,544</u>	<u>784</u>	<u>196</u>

During the year the company reclassified some of its Ordinary shares as detailed in the table above. The rights and restrictions of these shares are set out in the articles of association of the company.

29 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	218,154	619,728	28,695	-
Between two and five years	277,234	1,638,812	49,012	-
	<u>495,388</u>	<u>2,258,540</u>	<u>77,707</u>	<u>-</u>

30 Capital commitments

The company has no capital commitments at the balance sheet date (2020 - £420,000).

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	707,914	836,931

32 Controlling party

The controlling party is the Director Mr T J Burgess by virtue of his shareholding in the company.

33 Cash (absorbed by)/generated from operations - company

	2021 £	2020 £
Profit for the year after tax	2,079,035	731,019
Adjustments for:		
Taxation charged	21,766	62,695
Finance costs	37,617	42,530
Investment income	(550,836)	(182,981)
Gain on disposal of tangible fixed assets	-	(633,195)
Depreciation and impairment of tangible fixed assets	54,915	36,380
Other gains and losses	(1,507,940)	-
Movements in working capital:		
(Increase)/decrease in debtors	(1,296,762)	581,483
Increase in creditors	27,226	58,109
Cash (absorbed by)/generated from operations	(1,134,979)	696,040

34 Analysis of changes in net funds - group

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	3,743,341	(568,186)	3,175,155
Borrowings excluding overdrafts	(2,443,528)	(478,324)	(2,921,852)
Obligations under finance leases	(13,924)	6,962	(6,962)
	1,285,889	(1,039,548)	246,341

WILLIAM HACKETT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

35 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,636,756	1,990,904
Adjustments for:		
Share of results of associates and joint ventures	(57,345)	-
Taxation charged	397,479	368,467
Finance costs	122,814	112,811
Investment income	(58,974)	(216)
Loss/(gain) on disposal of tangible fixed assets	4,632	(705,038)
Depreciation and impairment of tangible fixed assets	104,450	88,682
Other gains and losses	104,501	-
Decrease in deferred income	(47,919)	(8,214)
Movements in working capital:		
Decrease in stocks	967,957	919,644
(Increase)/decrease in debtors	(1,734,347)	723,506
Decrease in creditors	(627,205)	(1,008,337)
Cash generated from operations	812,799	2,482,209

36 Analysis of changes in net funds - company

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	3,399,991	(369,724)	3,030,267
Borrowings excluding overdrafts	(1,134,074)	(147,901)	(1,281,975)
	2,265,917	(517,625)	1,748,292

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