

Registered number: 08721671

HIG FINANCE LIMITED

UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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HIG FINANCE LIMITED

COMPANY INFORMATION

Directors	David Howden William Bloomer Mark Craig
Company secretary	Andrew Moore
Registered number	08721671
Registered office	One Creechurch Place London EC3A 5AF

HIG FINANCE LIMITED

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HIG FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The Directors present their Strategic Report of HIG Finance Limited (the "Company") for the year ended 30 September 2022.

The Company provides financing services to Howden Group Holdings Limited and its subsidiaries (the "Group").

Business review

The Company made a profit after tax for the year ended 30 September 2022 of £9,000 (2021: a profit after tax of £236,000).

Financial Position

As at 30 September 2022, the Company has net assets of £9,408,000 (2021: £9,399,000) and net current assets of £7,608,000 (2021: £7,599,000).

Key performance indicators

The Company's main purpose is to provide financing to other subsidiaries within the Group so the Key Performance Indicators (the "KPIs") are the maturity of the loans payable and the cost of financing.

The Directors consider there to be no other KPIs.

Principal risks and uncertainties

The Directors recognise that the degree of exposure to certain risks, and the Company's ability to manage those risks effectively, will influence how successful the business is. They therefore review the risks associated with the key parts of the business, and have established internal control systems that are designed to identify those risks that may restrict or seriously impact the ability of the Company to carry on its operations. The key risks are discussed below.

Brexit

The Directors continue to consider the implications and risks arising from The United Kingdom leaving the European Union on 31 January 2020 and the impact it may have on the Company. There was no significant impact during the period and the Directors expect this to continue for the foreseeable future.

The Directors will continue to monitor this on an ongoing basis.

COVID-19

The Directors have considered the implications and risks arising from COVID-19 on the activities of the Company. There was no significant impact during the period and the Directors expect this to continue for the foreseeable future.

The Directors will continue to monitor this on an ongoing basis.

HIG FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Principal risks and uncertainties (continued)

Conflict in Ukraine

On 24 February 2022 armed conflict commenced between Russia and Ukraine, resulting in sanctions against Russia and Russian interest worldwide and an economic ripple effect on the global economy. The Directors believe that the potential direct impact on the business, after considering the mitigating measures are within acceptable risk tolerance. Direct impacts of foreign exchange and interest rates are managed through financial risk management, details of which are set out below. The Directors are also monitoring indirect impacts which include an increase in global commodity prices, higher inflation and other macroeconomic changes. Indirect impacts are not expected to pose a significant risk to the Company.

Financial Risk Management

The Company's principal financial assets are trade and other receivables from Group companies. The amounts presented in the financial statements are net of allowances for doubtful receivables. An allowance is made where there is an identified loss event. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company regularly reviews its working capital situation and uses a mixture of long-term and short-term debt finance.

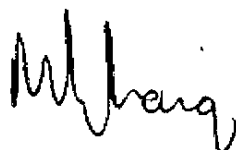
Going concern

After making appropriate enquires, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis of preparation for the Annual Report and financial statements. For more detail on going concern please refer to Accounting policies section 2.3.

Future developments

The Company expects to continue its principal activities for the foreseeable future.

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



Mark Craig
Director

Date: 9 August 2023

HIG FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors present their report and the financial statements for the year ended 30 September 2022.

Principal activity

The Company is an intermediate holding company which provides financing to the Group.

Results and dividends

The profit for the year, after taxation, amounted to £9,000 (2021 : a profit after taxation of £236,000).

The Company did not pay ordinary dividends during the year (2021: £Nil) and paid preference dividends of £2,925,626 during the year (2021: £1,669,382). The Company did not propose ordinary dividends after the year end.

Directors

The Directors who served during the year and up until the date of this report, unless otherwise stated, were:

David Howden
William Bloomer
Mark Craig

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of the Company Directors which were made during the year and remain in force at the date of this report.

Matters covered in the Strategic Report

The following information has been included in the Strategic Report and incorporated into this report by reference:

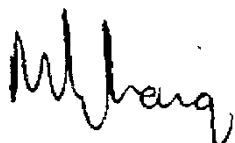
- Business review
- Financial position
- Key performance indicators
- Principal risks and uncertainties
- Financial risk management
- Future developments

Subsequent events following the reporting date

There were no events subsequent to the reporting date which require disclosure.

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

Mark Craig
Director



Date: 9 August 2023

HIG FINANCE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- *select suitable accounting policies and 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 financial statements; and*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.*

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

HIG FINANCE LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
Administrative expenses		(3)	7
Operating profit		(3)	7
Interest receivable and similar income	5	3,849	4,130
Interest payable and similar charges	6	(3,468)	(4,047)
Profit on ordinary activities before taxation		378	90
Tax (charge)/credit for the year	7	(369)	146
Profit for the year		9	236

The notes on pages 8 to 20 form part of these financial statements.

HIG FINANCE LIMITED
REGISTERED NUMBER: 08721671

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	8	1,800	1,800
		<u>1,800</u>	<u>1,800</u>
Current assets			
Debtors: amounts falling due after more than one year	9	-	25,956
Debtors: amounts falling due within one year	9	75,341	65,449
Cash at bank and in hand	10	987	592
		<u>76,328</u>	<u>91,997</u>
Creditors: amounts falling due within one year	11	(68,720)	(84,398)
Net current assets		<u>7,608</u>	<u>7,599</u>
Total assets less current liabilities		<u>9,408</u>	<u>9,399</u>
Net assets		<u><u>9,408</u></u>	<u><u>9,399</u></u>
Capital and reserves			
Retained earnings	14	9,408	9,399
Total equity		<u><u>9,408</u></u>	<u><u>9,399</u></u>

The Directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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

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

Mark Craig
Director



Date: 9 August 2023

The notes on pages 8 to 20 form part of these financial statements.

HIG FINANCE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 October 2021	-	9,399	9,399
Comprehensive income for the year			
Profit for the year	-	9	9
Total comprehensive income for the year	-	9	9
At 30 September 2022	-	9,408	9,408

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 October 2020	-	9,163	9,163
Comprehensive income for the year			
Profit for the year	-	236	236
Total comprehensive income for the year	-	236	236
At 30 September 2021	-	9,399	9,399

The notes on pages 8 to 20 form part of these financial statements.

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

The Company is a private company limited by shares, registered and incorporated in England and Wales. Company registered number 08721671. The address of its registered office is One Creechurch Place, London, EC3A 5AF.

The principal activity of the Company is disclosed in the Directors' Report.

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

These financial statements have been presented in Pounds Sterling (£), this being the functional currency of the Company and currency of its primary economic environment.

Monetary amounts included within these financial statements have been rounded to the nearest £ unless stated otherwise.

2. Accounting policies

2.1 Basis of preparation of financial statements

The following accounting policies have been applied in dealing with items that are considered material in relation to the financial statements.

The financial statements have been prepared under the historical cost convention 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12 (a) - (e):

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b), 12.29A and 12.30;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Howden Group Holdings Limited, a company incorporated in England and Wales, as at 30 September 2022 and these financial statements may be obtained as set out in note 18.

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, future outlook, business risks and uncertainties and risk management are set out in the Directors' Report and Strategic Report. As at 30 September 2022, the Company has net assets of £9,408,000 (2021: £9,399,000) and net current assets of £7,608,000 (2021: £7,599,000).

The Company relies on financial support from fellow group companies to fund operating expenses. This support is expected to be provided for at least twelve months after the approval of these financial statements. Having considered the aforementioned, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares are stated at historical cost less impairment.

2.5 Debtors

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

2.6 Cash and cash equivalents

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

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.7 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or 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, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Income Statement.

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

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.8 Creditors

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

2.9 Hedge accounting

The Company has entered into interest swaps and interest rate caps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in the Income Statement for the period.

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling (£).

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement within 'finance income or costs'.

2.11 Finance costs

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

2.12 Dividends

Ordinary dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final ordinary dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.15 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Company's Directors to exercise judgements and estimates that have been made in preparing the financial statements, as well as make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical judgements in applying the Company's accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable value of an asset is determined based on value-in-use calculations or multiple earnings calculation prepared on the basis of management's assumptions and estimates.

For value-in-use calculations, assumptions include discount rates, cash generation potential and long term growth rates depending on regional economic performance and industry trends.

For multiple earnings' calculations, assumptions include adjustments to historical or projected earnings to form a baseline earnings and which multiple to use based on recent market trends. When testing for impairment, the Company performs sensitivity analysis by allowing for a reasonable change in assumptions.

Key sources of estimation uncertainty are assumptions used in testing such as discount rates, financial projections included in deriving future cash flows and multiples achievable on the market.

4. Employees

The Company had no employees other than Directors, who did not receive any remuneration for their services to the Company (2021: £Nil).

5. Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from group companies	3,849	4,130

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

6. Interest payable and similar charges

	2022 £000	2021 £000
Other loan interest payable	283	-
Preference share dividends treated as interest payable	2,349	2,237
Foreign exchange losses	836	1,810
	<u>3,468</u>	<u>4,047</u>

7. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	-	(525)
Adjustments in respect of previous periods	-	(45)
Total current tax charge/(credit)	<u>-</u>	<u>(570)</u>
Deferred tax		
Origination and reversal of timing differences	369	424
Total deferred tax	<u>369</u>	<u>424</u>
Tax charge/(credit) from ordinary activities	<u>369</u>	<u>(146)</u>

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

7. Taxation (continued)

Factors affecting tax credit for the year

The table below reconciles the UK statutory tax charge to the Company's total tax charge:

	2022 £000	2021 £000
Profit on ordinary activities before tax	378	90
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	72	17
Effects of:		
Expenses not deductible for tax purposes	446	425
Tax rate changes	(149)	(63)
CFC State Aid Provision	-	(525)
Total charge/(credit) for the year	369	(146)

Factors that may affect future tax charges

The Company's profits for the accounting period to 30 September 2022 were taxed at the UK statutory rate of 19% (2021: 19%). The Company's deferred tax balances have been recognised at 25% as that was the substantially enacted rate at the reporting date.

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%.

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

8. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2021	1,800
At 30 September 2022	<u>1,800</u>
Net book value	
At 30 September 2022	<u>1,800</u>
At 30 September 2021	<u>1,800</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Hyperion Refinance S.a.r.l.	12C Rue Guillaume J. Kroll, 1882, Luxembourg	'A' Ordinary shares	100%

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Debtors

	2022 £000	2021 £000
Due after more than one year		
Amounts owed by group undertakings	-	24,705
Deferred tax asset	-	1,251
	<u>-</u>	<u>25,956</u>
	2022 £000	2021 £000
Due within one year		
Amounts owed by group undertakings	74,459	65,449
Deferred taxation	882	-
	<u>75,341</u>	<u>65,449</u>

Amounts owed to group undertakings due within one year are repayable on demand and unsecured.

10. Cash at bank and in hand

	2022 £000	2021 £000
Cash at bank and in hand	<u>987</u>	<u>592</u>

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

11. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to group undertakings	18,884	38,104
Accruals and deferred income	4	2
Share capital treated as debt	49,832	40,962
Financial instruments	-	5,330
	<u>68,720</u>	<u>84,398</u>

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

On 1 November 2017, the Company issued 55,000,000 \$1 preference shares to its fellow Group company, Hyperion Development Jersey Limited, in consideration for the transfer of a loan of \$55,000,000 due from another fellow Group company, DUAL North America Inc (formerly Odyssey Insurance Inc.).

The redeemable preference shares are presented as a liability due to the obligation to deliver cash and accordingly are excluded from called-up share capital in the Statement of Financial Position.

The redeemable preference shares have the option to redeem and are redeemable at any time by either the Company or the holder of the preference shares. There is no premium payable on redemption.

In 2021, financial liabilities measured at fair value through profit or loss comprise of interest rate swaps and interest rate caps which were carried at fair value on the Statement of Financial Position. The total amount recognised in the Income Statement in relation to the derivatives was a charge of £Nil (2021: charge of £Nil) because back-to-back derivative instruments were entered into with a fellow subsidiary and were recorded in intercompany balances. These instruments have expired during 2022.

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

12. Deferred taxation

	2022 £000	2021 £000
At beginning of year	1,251	1,675
Charge to profit and loss	(369)	(424)
At end of year	882	1,251

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Tax losses carried forward	882	1,251

The recoverability of deferred tax assets is reviewed at the end of each accounting period. Following the review at 30 September 2022 it was determined that it was probable that sufficient taxable profit would be available to allow the benefit of deferred tax asset to be utilised and a deferred tax asset was accordingly recognised.

It is currently projected that £882,000 of the total deferred tax asset of £882,000 will reverse in the year to 30 September 2023.

13. Called up share capital

	2022 £000	2021 £000
Shares classified as equity		
Allotted, called up and fully paid		
1 (2021: 1) ordinary share of £1.00	-	-
	2022 £000	2021 £000
Shares classified as debt		
Allotted, called up and fully paid		
55,000,000 (2021: 55,000,000) preference shares of \$1.00 each	49,832	40,962

HIG FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

14. Reserves

Retained earnings

Retained earnings represent the cumulative profits and losses of the Company, after the payment of dividends.

15. Contingent liabilities

The Company is one of the guarantors for the Group's main lending facilities. This facility was entered into by HGH Finance Limited, HIG Finance 2 Limited and Hyperion Refinance S.a.r.l. and the senior first lien tranche of this facility matures in November 2027.

16. Related party transactions

The Company has taken advantage of the exemption available in FRS 102 not to disclose related party transactions with subsidiaries that are wholly owned within the Group.

17. Subsequent events following the reporting date

There were no events subsequent to the reporting date which require disclosure

18. Controlling party

The Company's immediate parent company is HGH Midco 3 Limited and ultimate parent company is Howden Group Holdings Limited, both incorporated in the United Kingdom and registered in England and Wales. Both companies have registered office at One Creechurch Place, London, EC3A 5AF, United Kingdom.

The largest group the Company is a member of for which consolidated financial statements are drawn up is that of Howden Group Holdings Limited and the smallest group for which consolidated financial statements are prepared is HGH Finance Limited. Copies of the consolidated financial statements of these companies can be obtained from the Company Secretary at the registered office of Howden Group Holdings Limited.