

Hallmark Group Holdings Limited
Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31st December 2022

Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

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for the year ended 31st December 2022**

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Hallmark Group Holdings Limited

Company Information
for the year ended 31st December 2022

DIRECTORS:

B Sonley
S Chapman
V Petraityte
P J Spencer
R Gray
M Hoe

REGISTERED OFFICE:

Valletta House
Valletta Street
Hedon Road
Hull
East Yorkshire
HU9 5NP

REGISTERED NUMBER:

10234159 (England and Wales)

AUDITORS:

Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

**Strategic Report
for the year ended 31st December 2022**

The directors present their strategic report for the year ended 31st December 2022.

REVIEW OF BUSINESS

The principal activity of the company continued to be that of an intermediate holding company providing support for the group for the manufacture of laminated products, doors and door panels.

The full results for the year are set out on page 9. The directors have paid an interim dividend amounting to £711,200 (2021: £204,000) and do not recommend payment of a final dividend (2021: £Nil).

The group maintain a number of key performance indicators in respect of sales growth, gross margin and circulation numbers.

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

		2022	2021
£	£		
(Loss)/Profit before taxation		748,095	192,358
Equity shareholders' funds		1,041,370	1,004,475

PRINCIPAL RISKS AND UNCERTAINTIES

The company faces competition risk from other companies in the industry resulting in pressure to keep prices low whilst ensuring quality remains high. Another key risk is the performance of the UK and European economies.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, trade creditors and asset finance agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's working capital.

Due to the nature of the financial instruments used by the company there is little exposure to price risk or bad debt risk. The company's approach to managing other risks applicable to the financial instruments is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of invoice discounting.

In respect of asset finance agreements, the interest rate and monthly repayments are fixed. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts as they fall due.

FUTURE OUTLOOK

New products are constantly being added to the company's comprehensive range to meet the demand of its customers.

The board believes that the company's strategy together with its experienced management will be a solid foundation for future successful performance.

ON BEHALF OF THE BOARD:

B Sonley - Director

25th April 2023

**Report of the Directors
for the year ended 31st December 2022**

The directors present their report with the financial statements of the company for the year ended 31st December 2022.

DIVIDENDS

During the year interim dividends totalling £711,200 (2021 £204,000) were paid. The directors recommend that no final dividends be paid.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2022 to the date of this report.

B Sonley
S Chapman
V Petraityte
P J Spencer

Other changes in directors holding office are as follows:

R Gray - appointed 22nd March 2022
M Hoe - appointed 22nd March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Hallmark Group Holdings Limited (Registered number: 10234159)

**Report of the Directors
for the year ended 31st December 2022**

AUDITORS

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

B Sonley - Director

25th April 2023

Report of the Independent Auditors to the Members of Hallmark Group Holdings Limited

Opinion

We have audited the financial statements of Hallmark Group Holdings Limited (the 'company') for the year ended 31st December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of Hallmark Group Holdings Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, tax legislation, data protection, anti-bribery, employment, environmental and health and safety legislation. An understanding of these laws and regulations and the extent of compliance was obtained through discussion with management and inspecting legal and regulatory correspondence.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Report of the Independent Auditors to the Members of Hallmark Group Holdings Limited

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators and the company's legal advisors.

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

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 a Report of the Auditors 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.

Michael Stocks ACA (Senior Statutory Auditor)
for and on behalf of Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

25th April 2023

Income Statement
for the year ended 31st December 2022

	Notes	2022 £	2021 £
TURNOVER		80,582	-
Cost of sales		<u>150</u>	-
GROSS PROFIT		80,432	-
Administrative expenses		<u>81,564</u> (1,132)	<u>23,758</u> (23,758)
Other operating income		<u>-</u>	<u>13,146</u>
OPERATING LOSS	4	(1,132)	(10,612)
Income from shares in group undertakings		<u>750,000</u> 748,868	<u>204,000</u> 193,388
Interest payable and similar expenses	5	<u>773</u>	<u>1,030</u>
PROFIT BEFORE TAXATION		748,095	192,358
Tax on profit	6	<u>-</u>	-
PROFIT FOR THE FINANCIAL YEAR		<u>748,095</u>	<u>192,358</u>

**Other Comprehensive Income
for the year ended 31st December 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		748,095	192,358
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>748,095</u>	<u>192,358</u>

Balance Sheet
31st December 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Investments	8		2,065,301		2,065,301
CURRENT ASSETS					
Debtors	9	20,272		200	
Cash at bank		466		127,690	
		20,738		127,890	
CREDITORS					
Amounts falling due within one year	10	1,040,376		1,151,925	
NET CURRENT LIABILITIES			(1,019,638)		(1,024,035)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,045,663		1,041,266
CREDITORS					
Amounts falling due after more than one year	11		4,293		36,791
NET ASSETS			1,041,370		1,004,475
CAPITAL AND RESERVES					
Called up share capital	14		1,000,200		1,000,200
Retained earnings	15		41,170		4,275
SHAREHOLDERS' FUNDS			1,041,370		1,004,475

The financial statements were approved by the Board of Directors and authorised for issue on 25th April 2023 and were signed on its behalf by:

B Sonley - Director

**Statement of Changes in Equity
for the year ended 31st December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st January 2021	1,000,200	15,917	1,016,117
Changes in equity			
Dividends	-	(204,000)	(204,000)
Total comprehensive income	-	192,358	192,358
Balance at 31st December 2021	<u>1,000,200</u>	<u>4,275</u>	<u>1,004,475</u>
Changes in equity			
Dividends	-	(711,200)	(711,200)
Total comprehensive income	-	748,095	748,095
Balance at 31st December 2022	<u>1,000,200</u>	<u>41,170</u>	<u>1,041,370</u>

**Notes to the Financial Statements
for the year ended 31st December 2022**

1. STATUTORY INFORMATION

Hallmark Group Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Preparation of consolidated financial statements

The financial statements contain information about Hallmark Group Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent, Hallmark Door Systems Group Limited, Valletta House, Valletta Street, Hull, HU9 5NP.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the year ended 31st December 2022

3. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	<u>34,200</u>	<u>-</u>

The average number of employees during the year was NIL (2021 - NIL).

	2022	2021
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	2022	2021
	£	£
Auditors' remuneration	<u>1,075</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Hire purchase	<u>773</u>	<u>1,030</u>

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31st December 2022 nor for the year ended 31st December 2021.

7. DIVIDENDS

	2022	2021
	£	£
Class A Shares shares of 1 each Interim	711,200	107,500
Class B1 Shares shares of 1 each Interim	-	48,250
Class B2 Shares shares of 1 each Interim	-	48,250
	<u>711,200</u>	<u>204,000</u>

Notes to the Financial Statements - continued
for the year ended 31st December 2022

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1st January 2022	
and 31st December 2022	<u>2,065,301</u>
NET BOOK VALUE	
At 31st December 2022	<u>2,065,301</u>
At 31st December 2021	<u>2,065,301</u>

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital at 31 December 2022 are as follows:-

Name of company	Country of registration and operation	Nature of business	Proportion of voting rights and shares held
Hallmark Group Products Limited	England	Manufacturing	100%
Fortrace Limited	England	Dormant	100%
Hallmark Doors Limited	England	Dormant	100%
Hallmark Panels Limited	England	Manufacturing	100%
Laminated Supplies Limited	England	Manufacturing	100%
Toughened Glass Solutions Limited	England	Dormant	100%

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Amounts owed by group undertakings	20,072	-
Other debtors	200	200
	<u>20,272</u>	<u>200</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Bank loans and overdrafts (see note 12)	29,731	100,000
Hire purchase contracts (see note 13)	5,724	14,887
Trade creditors	-	15,640
Amounts owed to group undertakings	1,004,921	1,021,398
	<u>1,040,376</u>	<u>1,151,925</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans (see note 12)	-	26,774
Hire purchase contracts (see note 13)	4,293	10,017
	<u>4,293</u>	<u>36,791</u>

Notes to the Financial Statements - continued
for the year ended 31st December 2022

12. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank loans	<u>29,731</u>	<u>100,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>26,774</u>

13. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Net obligations repayable:		
Within one year	5,724	14,887
Between one and five years	<u>4,293</u>	<u>10,017</u>
	<u>10,017</u>	<u>24,904</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
1,000,000	Class A Shares	1	1,000,000	1,000,000
100	Class B1 Shares	1	100	100
100	Class B2 Shares	1	100	100
			<u>1,000,200</u>	<u>1,000,200</u>

15. RESERVES

	Retained earnings £
At 1st January 2022	4,275
Profit for the year	748,095
Dividends	<u>(711,200)</u>
At 31st December 2022	<u>41,170</u>

16. ULTIMATE CONTROLLING PARTY

Hallmark Door Systems Group Limited is the ultimate parent undertaking and the smallest and largest group which consolidates the financial information of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.