

Hallmark Group Holdings Limited
Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31st December 2021

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 2021

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Hallmark Group Holdings Limited

Company Information

for the year ended 31st December 2021

DIRECTORS:

B Sonley
S Chapman
V Petraityte
P J Spencer

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

Hallmark Group Holdings Limited (Registered number: 10234159)

Group Strategic Report

for the year ended 31st December 2021

The directors present their strategic report of the company and the group for the year ended 31st December 2021.

Business

The company was incorporated on 15 June 2016.

The company has four wholly owned trading subsidiaries being Hallmark Group Products Limited, Hallmark Panels Limited, Laminated Supplies Limited and Valletta Surplus Limited.

Hallmark Group Products Limited is a holding company for the four manufacturing companies in the group. Hallmark Panels Limited manufacture laminated products, doors and door panels. Laminated Supplies Limited manufacture laminated products and Valletta Surplus Limited sells surplus goods.

REVIEW OF BUSINESS

The full results for the year are set out on page 8. The directors have paid an interim dividend amounting to £204,000 (2020: £345,370) and do not recommend payment of a final dividend (2020: nil).

The group has had a successful period, achieving an operating profit of £2,556,806 (2020: £1,056,624). The group is continuing to monitor costs closely to ensure it can continue to trade competitively and successfully in the future. Sufficient working capital is in place to support the group's activities.

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:

	2021	2020
£		
£		
Turnover	17,869,889	13,746,503
Profit before taxation	2,523,523	397,914
Equity shareholders' funds	3,355,003	1,691,905

PRINCIPAL RISKS AND UNCERTAINTIES

The group 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.

Group Strategic Report

for the year ended 31st December 2021

FINANCIAL INSTRUMENTS

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

Due to the nature of the financial instruments used by the group there is minimal exposure to price risk. The group'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 facilities within the group.

In respect of bank loans, these comprise loans from financial institutions. The interest rates on the loans are variable and the monthly repayments are fixed. The group manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

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

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. This is also managed by the use of invoice discounting, which ensures reduced exposure to bad debts and also offers a funding facility for which interest and charges are made.

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 group'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

21st March 2022

Report of the Directors

for the year ended 31st December 2021

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2021.

DIVIDENDS

During the year interim dividends totalling £204,000 (2020 £345,370) 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 2021 to the date of this report.

B Sonley
S Chapman
V Petraityte
P J Spencer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group'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 group's auditors are aware of that information.

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

21st March 2022

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 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31st December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group 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 Group 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 Group 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the 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 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 Statement of Directors' Responsibilities set out on page four, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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:

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

21st March 2022

Consolidated Income Statement

for the year ended 31st December 2021

		Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
	Notes		
TURNOVER		17,869,889	13,746,503
Cost of sales		<u>12,519,138</u>	<u>9,814,549</u>
GROSS PROFIT		5,350,751	3,931,954
Administrative expenses		<u>2,910,456</u>	<u>3,040,634</u>
		2,440,295	891,320
Other operating income		<u>116,511</u>	<u>165,304</u>
OPERATING PROFIT	4	2,556,806	1,056,624
Loss on sale of asset	5	<u>-</u>	<u>610,605</u>
		2,556,806	446,019
Interest payable and similar expenses	6	<u>33,282</u>	<u>48,105</u>
PROFIT BEFORE TAXATION		2,523,524	397,914
Tax on profit	7	<u>577,374</u>	<u>122,707</u>
PROFIT FOR THE FINANCIAL YEAR		1,946,150	275,207
Profit attributable to:			
Owners of the parent		<u>1,946,150</u>	<u>275,207</u>

Consolidated Other Comprehensive Income

for the year ended 31st December 2021

	Notes	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
PROFIT FOR THE YEAR		1,946,150	275,207
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		1,946,150	275,207
Total comprehensive income attributable to: Owners of the parent		<u>1,946,150</u>	<u>275,207</u>

Hallmark Group Holdings Limited (Registered number: 10234159)

Consolidated Balance Sheet

31st December 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Intangible assets	10		52,894		57,275
Tangible assets	11		2,856,743		2,480,382
Investments	12		-		-
			<u>2,909,637</u>		<u>2,537,657</u>
CURRENT ASSETS					
Stocks	13	1,743,455		1,312,837	
Debtors	14	2,787,635		1,547,194	
Cash at bank and in hand		<u>2,088,163</u>		<u>801,120</u>	
		6,619,253		3,661,151	
CREDITORS					
Amounts falling due within one year	15	<u>4,571,332</u>		<u>2,998,205</u>	
NET CURRENT ASSETS			<u>2,047,921</u>		<u>662,946</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,957,558</u>		<u>3,200,603</u>
CREDITORS					
Amounts falling due after more than one year	16		(984,255)		(1,107,148)
PROVISIONS FOR LIABILITIES	19		<u>(618,300)</u>		<u>(401,550)</u>
NET ASSETS			<u><u>3,355,003</u></u>		<u><u>1,691,905</u></u>
CAPITAL AND RESERVES					
Called up share capital	20		1,000,200		1,000,200
Capital redemption reserve	21		-		79,052
Retained earnings	21		<u>2,354,803</u>		<u>612,653</u>
SHAREHOLDERS' FUNDS			<u><u>3,355,003</u></u>		<u><u>1,691,905</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 21st March 2022 and were signed on its behalf by:

B Sonley - Director

Company Balance Sheet

31st December 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		-		-
Investments	12		<u>2,065,301</u>		<u>2,065,301</u>
			<u>2,065,301</u>		<u>2,065,301</u>
CURRENT ASSETS					
Debtors	14	200		200	
Cash at bank		<u>127,690</u>		<u>11,635</u>	
		<u>127,890</u>		<u>11,835</u>	
CREDITORS					
Amounts falling due within one year	15	<u>1,151,925</u>		<u>1,061,019</u>	
NET CURRENT LIABILITIES			<u>(1,024,035)</u>		<u>(1,049,184)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,041,266</u>		<u>1,016,117</u>
CREDITORS					
Amounts falling due after more than one year	16		<u>36,791</u>		<u>-</u>
NET ASSETS			<u>1,004,475</u>		<u>1,016,117</u>
CAPITAL AND RESERVES					
Called up share capital	20		<u>1,000,200</u>		<u>1,000,200</u>
Retained earnings			<u>4,275</u>		<u>15,917</u>
SHAREHOLDERS' FUNDS			<u>1,004,475</u>		<u>1,016,117</u>
Company's profit for the financial year			<u>192,358</u>		<u>310,120</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 21st March 2022 and were signed on its behalf by:

B Sonley - Director

Consolidated Statement of Changes in Equity

for the year ended 31st December 2021

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1st September 2019	1,000,000	502,816	180,000	237,155	1,919,971
Changes in equity					
Issue of share capital	200	-	-	-	200
Dividends	-	(345,370)	-	-	(345,370)
Total comprehensive income	-	455,207	(180,000)	-	275,207
Transfers	-	-	-	(158,103)	(158,103)
Balance at 31st December 2020	<u>1,000,200</u>	<u>612,653</u>	<u>-</u>	<u>79,052</u>	<u>1,691,905</u>
Changes in equity					
Dividends	-	(204,000)	-	-	(204,000)
Total comprehensive income	-	1,946,150	-	(79,052)	1,867,098
Balance at 31st December 2021	<u>1,000,200</u>	<u>2,354,803</u>	<u>-</u>	<u>-</u>	<u>3,355,003</u>

Company Statement of Changes in Equity

for the year ended 31st December 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st September 2019	1,000,000	51,167	1,051,167
Changes in equity			
Issue of share capital	200	-	200
Dividends	-	(345,370)	(345,370)
Total comprehensive income	-	310,120	310,120
Balance at 31st December 2020	<u>1,000,200</u>	<u>15,917</u>	<u>1,016,117</u>
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>

Consolidated Cash Flow Statement

for the year ended 31st December 2021

		Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Cash flows from operating activities	Notes		
Cash generated from operations	1	2,179,524	171,307
Interest paid		(5,375)	(19,216)
Interest element of hire purchase payments paid		(27,907)	(28,889)
Tax paid		-	2,908
Net cash from operating activities		<u>2,146,242</u>	<u>126,110</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(45,594)
Purchase of tangible fixed assets		(303,200)	(922,553)
Sale of tangible fixed assets		6,500	1,023,171
Net cash from investing activities		<u>(296,700)</u>	<u>55,024</u>
Cash flows from financing activities			
New loans in year		200,000	559,810
Loan repayments in year		(235,040)	(99,881)
Capital repayments in year		(323,459)	(272,650)
Amount introduced by directors		-	300,000
Share issue		-	200
Equity dividends paid		(204,000)	(345,370)
Net cash from financing activities		<u>(562,499)</u>	<u>142,109</u>
Increase in cash and cash equivalents		<u>1,287,043</u>	<u>323,243</u>
Cash and cash equivalents at beginning of year	2	<u>801,120</u>	<u>477,877</u>
Cash and cash equivalents at end of year	2	<u>2,088,163</u>	<u>801,120</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement

for the year ended 31st December 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Profit before taxation	2,523,524	397,914
Depreciation charges	395,260	372,259
Loss on disposal of fixed assets	228	625,419
Release of capital reserve	(79,052)	(158,103)
Finance costs	33,282	48,105
	<u>2,873,242</u>	<u>1,285,594</u>
Increase in stocks	(430,618)	(338,875)
Increase in trade and other debtors	(1,250,809)	(139,960)
Increase/(decrease) in trade and other creditors	987,709	(635,452)
Cash generated from operations	<u>2,179,524</u>	<u>171,307</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2021

	31.12.21 £	1.1.21 £
Cash and cash equivalents	<u>2,088,163</u>	<u>801,120</u>

Period ended 31st December 2020

	31.12.20 £	1.9.19 £
Cash and cash equivalents	<u>801,120</u>	<u>477,877</u>

Notes to the Consolidated Cash Flow Statement

for the year ended 31st December 2021

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.21 £	Cash flow £	Other non-cash changes £	At 31.12.21 £
Net cash				
Cash at bank and in hand	<u>801,120</u>	<u>1,287,043</u>		<u>2,088,163</u>
	<u>801,120</u>	<u>1,287,043</u>		<u>2,088,163</u>
Debt				
Finance leases	(693,334)	323,459	(470,768)	(840,643)
Debts falling due within 1 year	(139,820)	(120,486)	-	(260,306)
Debts falling due after 1 year	<u>(629,370)</u>	<u>155,526</u>	<u>-</u>	<u>(473,844)</u>
	<u>(1,462,524)</u>	<u>358,499</u>	<u>(470,768)</u>	<u>(1,574,793)</u>
Total	<u>(661,404)</u>	<u>1,645,542</u>	<u>(470,768)</u>	<u>513,370</u>

Notes to the Consolidated Financial Statements

for the year ended 31st December 2021

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 General 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.

Basis of consolidation

The group financial statements consolidate the financial statements of Hallmark Group Holdings Limited and all its subsidiaries for the year ended 31 December 2021. The subsidiary undertakings have been accounted for under the acquisition method of accounting. No company Statement of Comprehensive Income is presented for Hallmark Group Holdings Limited as permitted by section 408 of the Companies Act 2006.

Turnover

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

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is being amortised evenly over its estimated useful life of five years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 10% on cost
Plant and machinery	- 20% on cost, 6.67% on cost, 5% - 15% on cost and 10% - 20% straight line
Fixtures and fittings	- between 3 and 10 years
Motor vehicles	- 25% on cost and between 3 and 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2021

2. ACCOUNTING POLICIES - continued

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.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Wages and salaries	3,167,732	3,034,071
Social security costs	214,469	225,966
Other pension costs	213,259	139,121
	<u>3,595,460</u>	<u>3,399,158</u>

The average number of employees during the year was as follows:

	Year ended 31.12.21	Period 1.9.19 to 31.12.20
Office and management	28	23
Production	91	71
	<u>119</u>	<u>94</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 119 (2020 - 94) .

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Directors' remuneration	35,580	168,026
Directors' pension contributions to money purchase schemes	<u>160,239</u>	<u>3,215</u>

Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2021

4. OPERATING PROFIT

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

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Hire of plant and machinery	42,811	16,650
Depreciation - owned assets	390,879	366,418
Loss on disposal of fixed assets	228	14,743
Goodwill amortisation	4,381	5,841
Auditors' remuneration	8,915	10,040
Foreign exchange differences	73	1,422
Government grants	<u>(81,365)</u>	<u>(86,744)</u>

5. EXCEPTIONAL ITEMS

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Loss on sale of asset	<u>-</u>	<u>(610,605)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Bank interest	14	1,120
Bank loan interest	1,402	-
Invoice finance interest	3,959	18,096
Hire purchase	<u>27,907</u>	<u>28,889</u>
	<u>33,282</u>	<u>48,105</u>

Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2021

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Current tax:		
UK corporation tax	353,164	-
Adjustment to prior years	7,460	-
Total current tax	<u>360,624</u>	<u>-</u>
Deferred tax	216,750	122,707
Tax on profit	<u>577,374</u>	<u>122,707</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Profit before tax	<u>2,523,524</u>	<u>397,914</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2020 - 19 %)	479,470	75,604
Effects of:		
Expenses not deductible for tax purposes	3,547	(1,537)
Depreciation in excess of capital allowances	379	14,406
Utilisation of tax losses	-	(14,226)
Unutilized tax losses carried forward	699	1,566
Deferred tax adjustments in respect of previous years	-	122,707
Research and development tax credit	(35,621)	(46,883)
Capital reserve on consolidation released (negative goodwill)	(15,020)	(30,040)
Amortisation of goodwill	832	1,110
Change in tax rates	143,088	-
Total tax charge	<u>577,374</u>	<u>122,707</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2021

9. **DIVIDENDS**

	Year ended 31.12.21 £	Period 1.9.19 to 31.12.20 £
Class A Shares shares of 1 each		
Final	(204,000)	-
Interim	311,500	300,000
Class B1 Shares shares of 1 each		
Interim	48,250	22,685
Class B2 Shares shares of 1 each		
Interim	48,250	22,685
	<u>204,000</u>	<u>345,370</u>

10. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £	Development costs £	Totals £
COST			
At 1st January 2021			
and 31st December 2021	<u>21,903</u>	<u>45,594</u>	<u>67,497</u>
AMORTISATION			
At 1st January 2021	10,222	-	10,222
Amortisation for year	4,381	-	4,381
At 31st December 2021	<u>14,603</u>	<u>-</u>	<u>14,603</u>
NET BOOK VALUE			
At 31st December 2021	<u>7,300</u>	<u>45,594</u>	<u>52,894</u>
At 31st December 2020	<u>11,681</u>	<u>45,594</u>	<u>57,275</u>

Notes to the Consolidated Financial Statements - continued*for the year ended 31st December 2021***11. TANGIBLE FIXED ASSETS****Group**

	Short leasehold £	Long leasehold £	Plant and machinery £
COST			
At 1st January 2021	90,746	4,285	3,096,361
Additions	32,188	-	351,942
Disposals	-	-	-
At 31st December 2021	<u>122,934</u>	<u>4,285</u>	<u>3,448,303</u>
DEPRECIATION			
At 1st January 2021	15,088	1,092	1,405,720
Charge for year	10,458	468	191,933
Eliminated on disposal	-	-	-
At 31st December 2021	<u>25,546</u>	<u>1,560</u>	<u>1,597,653</u>
NET BOOK VALUE			
At 31st December 2021	<u>97,388</u>	<u>2,725</u>	<u>1,850,650</u>
At 31st December 2020	<u>75,658</u>	<u>3,193</u>	<u>1,690,641</u>

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1st January 2021	854,750	507,200	4,553,342
Additions	66,562	323,276	773,968
Disposals	-	(9,500)	(9,500)
At 31st December 2021	<u>921,312</u>	<u>820,976</u>	<u>5,317,810</u>
DEPRECIATION			
At 1st January 2021	551,797	99,263	2,072,960
Charge for year	42,656	145,364	390,879
Eliminated on disposal	-	(2,772)	(2,772)
At 31st December 2021	<u>594,453</u>	<u>241,855</u>	<u>2,461,067</u>
NET BOOK VALUE			
At 31st December 2021	<u>326,859</u>	<u>579,121</u>	<u>2,856,743</u>
At 31st December 2020	<u>302,953</u>	<u>407,937</u>	<u>2,480,382</u>

Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2021

12. FIXED ASSET INVESTMENTS

Company

COST

At 1st January 2021
and 31st December 2021

NET BOOK VALUE

At 31st December 2021
At 31st December 2020

Shares in
group
undertakings
£

2,065,301

2,065,301

2,065,301

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital at 31 December 2021 are as follows:-

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

All of the above companies comprise subsidiary undertakings, which are fully consolidated within the group financial statements.

13. STOCKS

	Group	
	2021	2020
	£	£
Stocks	<u>1,743,455</u>	<u>1,312,837</u>

Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2021

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	1,915,812	1,258,218	-	-
Other debtors	200	854	200	200
Directors' current accounts	537,838	93,154	-	-
Tax	2,787	13,155	-	-
VAT	82,431	58,438	-	-
Prepayments and accrued income	153,406	57,499	-	-
Payments on account	95,161	65,876	-	-
	<u>2,787,635</u>	<u>1,547,194</u>	<u>200</u>	<u>200</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts (see note 17)	260,306	137,320	100,000	-
Other loans (see note 17)	-	2,500	-	2,500
Hire purchase contracts (see note 18)	331,058	230,737	14,887	-
Trade creditors	2,355,305	1,769,924	15,640	-
Amounts owed to group undertakings	-	-	1,021,398	1,058,519
Tax	353,164	2,908	-	-
Social security and other taxes	619,598	576,872	-	-
Other creditors	513,243	186,396	-	-
Accruals and deferred income	124,303	58,813	-	-
Deferred government grants	14,355	32,735	-	-
	<u>4,571,332</u>	<u>2,998,205</u>	<u>1,151,925</u>	<u>1,061,019</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans (see note 17)	473,844	629,370	26,774	-
Hire purchase contracts (see note 18)	509,585	462,597	10,017	-
Deferred government grants	826	15,181	-	-
	<u>984,255</u>	<u>1,107,148</u>	<u>36,791</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued*for the year ended 31st December 2021***17. LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	260,306	137,320	100,000	-
Other loans	-	2,500	-	2,500
	<u>260,306</u>	<u>139,820</u>	<u>100,000</u>	<u>2,500</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	26,774	-	26,774	-
Amounts falling due between two and five years:				
Bank loans - 2-5 years	447,070	585,370	-	-
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	-	44,000	-	-

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase	contracts
	2021	2020
	£	£
Net obligations repayable:		
Within one year	331,058	230,737
Between one and five years	509,585	462,597
	<u>840,643</u>	<u>693,334</u>

Company

	Hire purchase	contracts
	2021	2020
	£	£
Net obligations repayable:		
Within one year	14,887	-
Between one and five years	10,017	-
	<u>24,904</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2021

18. LEASING AGREEMENTS - continued

Group

	Non-cancellable	operating leases
	2021	2020
	£	£
Within one year	154,000	140,500
Between one and five years	616,000	616,000
In more than five years	371,500	525,000
	<u>1,141,500</u>	<u>1,281,500</u>

19. PROVISIONS FOR LIABILITIES

	Group	
	2021	2020
	£	£
Deferred tax	<u>618,300</u>	<u>401,550</u>
Group		
		Deferred tax
		£
Balance at 1st January 2021		401,550
Charge to Income Statement during year		216,750
Balance at 31st December 2021		<u>618,300</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	£	£
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>

Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2021

21. RESERVES

Group

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st January 2021	612,653	79,052	691,705
Profit for the year	1,946,150	-	1,946,150
Dividends	(204,000)	-	(204,000)
Transfers	-	(79,052)	(79,052)
At 31st December 2021	<u>2,354,803</u>	<u>-</u>	<u>2,354,803</u>

22. CONTINGENT LIABILITIES

The company has unlimited guarantees in respect of bank borrowings with the following group companies:

Hallmark Group Holdings Limited
Hallmark Group Products Limited
Laminated Supplies Limited
Fortrace Limited
Toughened Glass Solutions Limited
Valletta Surplus Limited

In the opinion of the directors the likelihood of the guarantees being called upon is remote. The potential liability under this agreement amounted to £Nil (2020 £Nil).

23. RELATED PARTY DISCLOSURES

Included in debtors are amounts due from directors of £537,838 (2020 £93,154). These loans are interest free and repayable on demand.

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is B Sonley.

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.