

Company registration number 11143027 (England and Wales)

HOPE TOO HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

HOPE TOO HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr I Weatherill Mrs A J Sharp
Company number	11143027
Registered office	Hope Mill Calf Hall Road Barnoldswick BB18 5PX
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

HOPE TOO HOLDINGS LIMITED

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HOPE TOO HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present the strategic report for the year ended 30 April 2022.

The company is the parent company of the group containing its wholly owned subsidiaries, Hope Technology Holdings Limited and Hope Technology (IPCO) Limited.

Fair review of the business

The group is a global leader in bicycle engineering, with over 30 years' experience in designing, testing and manufacturing cutting edge components in house at our factory in Barnoldswick.

The group has a simple ethos of making high quality products which will sell themselves; the products do the talking. The group's products have an excellent international reputation for quality and reliability, with the end user generally being cycling enthusiasts looking to upgrade their bikes to the highest level.

The group has reported an increased turnover of £22,386,296 (2021: £20,633,883) during the year, driven by strong demand for its products, increased manufacturing capacity following investment in fixed assets over the past two years and through being fully operation for a full twelve month period. At the start of the prior financial period, the group temporarily closed down production and sales facilities as an initial response to the Covid-19 pandemic.

Gross profit margins have decreased slightly to 57.1% (2021: 59.3%). This movement is predominantly due to significant inflation seen in material cost prices and carriage. The group mitigated these to a degree via its buying practices but ultimately decided not to pass on the full cost burden to its customers. To maximise future production the group has continued to bulk purchase where practicable, driving the increased stock balances seen at the balance sheet date. The overhead reductions seen in the prior period have reversed due to an increased headcount to meet product demand, increases in energy costs and a return to previous levels of brand development through exhibition attendance and other public events. As a consequence pre-tax profits decreased to £3,854,409 (2021: £4,240,395).

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, price risk, liquidity risk and cash flow risk associated with manufacturing and through offering sales credit terms. The latter risk is actively managed through robust credit control procedures. In addition, the group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The group is not reliant on any one customer for a large proportion of turnover, therefore spreading and reducing the risk of customers not returning or failing.

Since mid-2019 the group proactively increased raw material and component stocks in readiness for any supply chain shocks which may have been caused by the subsequent Brexit deal. Thanks to this, it did not suffer from any stock deficiencies due to the Covid-19 induced logistic issues, the fallout from which is still being felt by manufacturing businesses globally.

Ensuring sufficient stock levels, where sourced from international suppliers is a potential risk, but one which is actively and successfully managed by the group. At the time of approving the financial statements, the group has good levels of raw material stocks and production is not compromised through input availability.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the directors are implemented by the group's finance department.

The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

HOPE TOO HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Development and performance

The group continues to innovate through refinements to existing products and new to market items. As examples we launched the new Tech 4 and our Union pedal range during the year under report. Since the year end we have launched our 155mm Evo Cranks and Gravity Stems.

Following the success of the Tokyo Olympic Games, the country's world class track riders continue to medal using the HB.T. Everyone at the group is rightly proud of the bike's results to date and we look forward to continued success in the run up to the Paris 2024 Olympic Games. This is the flagship project of the group's expertise in carbon composite design and manufacturing techniques and forms a discrete area of ongoing development.

More generally the board regards the stimulation of Research and Development activities including those described above as being of equal importance to financial results. The group has maintained this investment and the number of colleagues involved in development, together with further spend on capital expenditure of £1,576,126 (2021: £2,310,818). Each investment helps position the group for the long term and is done whilst maintaining positive cash balances at appropriate levels for operating purposes of £6,671,230 (2021: £7,564,282).

The group continues to invest in the ongoing success of Hopetech Women events and growth in The Hope Academy children's bike hire scheme. As societal conditions reverted towards normality during the financial year we were able to increase the number and size of such events. We remain committed to long term plans in both arenas and look forward to engaging with more women and children, introducing them to the fun that riding a bike in any environment brings.

Other information and explanations

The directors believe the reported financial results and balance sheet position are strong, placing the group in position to remain at the forefront of the cycling and leisure markets in the years ahead.

The group made a pleasing start to the new financial year with strong sales and profitable trading seen at the time of approving the financial statements. The group continues to experience strong domestic and international demand. As noted last year, the Covid-19 pandemic seems to have reset individuals' yearning for the great outdoors and the associated health benefits, hopefully sustaining repeat and new customer interest all Hope products, regardless of the approaching economic headwinds.

Finally, the directors would like to place on record sincere thanks to the dedicated and talented staff employed throughout the group without whose efforts the group would not continue to thrive.

On behalf of the board

Mr I Weatherill
Director

5 December 2022

HOPE TOO HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present their annual report and financial statements for the year ended 30 April 2022.

Principal activities

The principal activity of the company was that of a holding company.

The group also manufactures and sells parts for bicycles.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £4,600,000. The directors do not recommend payment of a further dividend.

Directors

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

Mr I Weatherill

Mrs A J Sharp

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

Items referred to in the strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments, research and development and financial instruments.

On behalf of the board

Mr I Weatherill

Director

5 December 2022

HOPE TOO HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2022

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

HOPE TOO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOPE TOO HOLDINGS LIMITED

Qualified opinion

We have audited the financial statements of Hope Too Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2022 and of its 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 qualified opinion

Due to the restrictions as part of the Covid-19 lockdown during April 2020, we have not been able to obtain sufficient appropriate audit evidence to verify the existence of stock balances included in the balance sheet at 30 April 2020 by alternative means of audit testing, and consequently to form an opinion on whether these balances contain misstatements which materially affect the financial statements for the year ended 30 April 2020 or whether there was any consequential effect on the cost of sales for the year ended 30 April 2021. In addition, were any adjustment to the stock balance to be required, the strategic report would also need to be amended.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

HOPE TOO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HOPE TOO HOLDINGS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 concluded that where the other information refers to amounts within the statement of comprehensive income or balance sheet, it may be materially misstated for the reasons described in the basis for qualified opinion section of our report.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matters described in the basis for qualified opinion section of our audit report, in our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Arising solely from the limitation on the scope of our work relating to stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

HOPE TOO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HOPE TOO HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

Because of the field in which the group operates we identified that employment law, health and safety legislation and compliance with the UK Companies are the areas most likely to have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

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

Use of our report

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

Virginia Cooper (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

6 December 2022

HOPE TOO HOLDINGS LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2022**

	Notes	2022 £	2021 £
Turnover	3	22,386,296	20,633,883
Cost of sales		(9,593,907)	(8,387,758)
Gross profit		12,792,389	12,246,125
Administrative expenses		(8,940,115)	(8,167,751)
Other operating income		22,610	177,490
Operating profit	4	3,874,884	4,255,864
Interest receivable and similar income	8	3,620	3,361
Interest payable and similar expenses	9	(24,095)	(18,830)
Profit before taxation		3,854,409	4,240,395
Tax on profit	10	(640,323)	(587,218)
Profit for the financial year		3,214,086	3,653,177

Total comprehensive income for the year is all attributable to the owners of the parent company.

HOPE TOO HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		6,823,896		6,696,945
Current assets					
Stocks	15	4,037,182		2,619,253	
Debtors	16	1,786,560		1,304,362	
Cash at bank and in hand		6,671,230		7,564,282	
		<u>12,494,972</u>		<u>11,487,897</u>	
Creditors: amounts falling due within one year	17	<u>(6,154,251)</u>		<u>(3,160,073)</u>	
Net current assets			6,340,721		8,327,824
Total assets less current liabilities			13,164,617		15,024,769
Creditors: amounts falling due after more than one year	18		(340,157)		(1,124,855)
Provisions for liabilities					
Deferred tax liability	20	<u>745,493</u>		<u>435,033</u>	
			<u>(745,493)</u>		<u>(435,033)</u>
Net assets			<u>12,078,967</u>		<u>13,464,881</u>
Capital and reserves					
Called up share capital	22		100		100
Profit and loss reserves			<u>12,078,867</u>		<u>13,464,781</u>
Total equity			<u>12,078,967</u>		<u>13,464,881</u>

The financial statements were approved by the board of directors and authorised for issue on 5 December 2022 and are signed on its behalf by:

Mr I Weatherill
Director

HOPE TOO HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	13		100		100
			==		==
Capital and reserves					
Called up share capital	22		100		100
			==		==

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,600,000 (2021 - £2,620,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 5 December 2022 and are signed on its behalf by:

Mr I Weatherill
Director

Company Registration No. 11143027

HOPE TOO HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 May 2020		100	12,431,604	12,431,704
Year ended 30 April 2021:				
Profit and total comprehensive income for the year		-	3,653,177	3,653,177
Dividends	11	-	(2,620,000)	(2,620,000)
Balance at 30 April 2021		100	13,464,781	13,464,881
Year ended 30 April 2022:				
Profit and total comprehensive income for the year		-	3,214,086	3,214,086
Dividends	11	-	(4,600,000)	(4,600,000)
Balance at 30 April 2022		100	12,078,867	12,078,967

HOPE TOO HOLDINGS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2022**

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 May 2020		100	-	100
Year ended 30 April 2021:				
Profit and total comprehensive income for the year		-	2,620,000	2,620,000
Dividends	11	-	(2,620,000)	(2,620,000)
Balance at 30 April 2021		100	-	100
Year ended 30 April 2022:				
Profit and total comprehensive income for the year		-	4,600,000	4,600,000
Dividends	11	-	(4,600,000)	(4,600,000)
Balance at 30 April 2022		100	-	100

HOPE TOO HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	26	6,097,958		6,484,913	
Interest paid		(24,095)		(18,830)	
Income taxes paid		(315,705)		(257,516)	
Net cash inflow from operating activities		5,758,158		6,208,567	
Investing activities					
Purchase of tangible fixed assets		(1,160,976)		(397,171)	
Proceeds on disposal of tangible fixed assets		174,940		291,324	
Loans made		-		(4,249)	
Receipts arising from loans made		8,991		327,604	
Interest received		3,620		3,361	
Net cash (used in)/generated from investing activities		(973,425)		220,869	
Financing activities					
Payment of finance leases obligations		(1,077,785)		(369,122)	
Dividends paid to equity shareholders		(4,600,000)		(2,620,000)	
Net cash used in financing activities		(5,677,785)		(2,989,122)	
Net (decrease)/increase in cash and cash equivalents		(893,052)		3,440,314	
Cash and cash equivalents at beginning of year		7,564,282		4,123,968	
Cash and cash equivalents at end of year		6,671,230		7,564,282	

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

Company information

Hope Too Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Hope Mill, Calf Hall Road, Barnoldswick, BB18 5PX.

The group consists of Hope Too Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being the parent member of a group which prepares these consolidated financial statements, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. This company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within these consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts of financial instruments;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, acquisitions are accounted for using the merger method. As a result, no goodwill on consolidation has arisen, and the accounts have been prepared on the basis that the group has been in existence for the whole of the current and previous period.

The consolidated financial statements incorporate those of Hope Too Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 April 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.3 Going concern

Covid-19 did not impact operations during the year under report. Necessary cash levels for operating purposes are maintained within the group, something which occurred throughout the year and has continued subsequent to the balance sheet date.

At the time of approving the financial statements the group is profitable and there exists sustained demand for its products.

The directors have concluded that it is appropriate to prepare the financial statements on a going concern basis as the group has adequate cash resources to indicate that it will continue to meet all liabilities as they fall due for payment whilst working within its existing bank facilities.

1.4 Turnover

Group turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Goods are invoiced upon the date of despatch to the customer and the relevant income is also recognised at the same point.

1.5 Intangible fixed assets - goodwill

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over a period of 10 years.

1.6 Tangible fixed assets

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

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

Freehold property	25 years straight line
Property improvements	25 years straight line
Plant, machinery and equipment	25% reducing balance
Motor vehicles	25% reducing balance
Academy bikes	25% reducing balance

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

1.7 Fixed asset investments

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

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

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

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

1.9 Stocks

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

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

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

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

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Other financial assets

All of the group's financial assets are basic financial instruments.

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are recognised initially at transaction price.

Other financial liabilities

All of the group's financial liabilities are basic financial instruments.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

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

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Leases

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

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

1.17 Government grants

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

1.18 Foreign exchange

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

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation and life of tangible fixed assets

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and estimated lives requires the exercise of management judgement and is reviewed at each balance sheet date.

Key sources of estimation uncertainty

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

Impairment of stock

At each balance sheet date, management undertake an assessment of the value at which stock items are held within the accounts.

Using the costs incurred against the stock items and the orders outstanding, an estimation is made by management as to whether the value of the stock is impaired and if a provision is required.

Valuation of tangible fixed assets

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is equal to the expected recoverable value prepared on the basis of management's assumptions and estimates.

Impairment of trade debtors

At each balance sheet date, management undertake a review of the outstanding debtors balances and estimate the balance that should either be impaired or provided against.

This calculation is based on the financial position of the customers, the historical speed of payment and any ongoing discussions.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Attributable to the group's continuing principal activities	22,386,296	20,633,883

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

3	Turnover and other revenue	(Continued)	
		2022	2021
		£	£
	Turnover analysed by geographical market		
	United Kingdom	10,916,940	11,584,453
	Europe	7,845,344	6,989,924
	Rest of world	3,624,012	2,059,506
		<u>22,386,296</u>	<u>20,633,883</u>
		2022	2021
		£	£
	Other revenue		
	Interest income	3,620	3,361
	Grants received	10,610	165,490
		<u>14,230</u>	<u>168,851</u>
4	Operating profit		
		2022	2021
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange (gains)/losses	(7,299)	14,151
	Government grants	(10,610)	(165,490)
	Depreciation of owned tangible fixed assets	691,007	700,402
	Depreciation of tangible fixed assets held under finance leases	624,378	398,247
	Profit on disposal of tangible fixed assets	(41,150)	(82,141)
		<u>128,386</u>	<u>165,169</u>
5	Auditor's remuneration		
		2022	2021
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	-	1,000
	Audit of the financial statements of the company's subsidiaries	14,200	13,200
		<u>14,200</u>	<u>14,200</u>

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Management and administrative staff	11	8	2	2
Sales and marketing staff	6	7	-	-
Manufacturing, distribution and development staff	145	134	-	-
Total	162	149	2	2

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	4,687,789	4,422,094	-	-
Social security costs	481,595	453,806	-	-
Pension costs	194,570	335,672	-	-
	5,363,954	5,211,572	-	-

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	181,312	229,881

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

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

	2022 £	2021 £
Remuneration for qualifying services	n/a	229,881

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	1,612	2,418
Other interest income	2,008	943
	<u> </u>	<u> </u>
Total income	<u>3,620</u>	<u>3,361</u>

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on finance leases and hire purchase contracts	24,095	18,830
	<u> </u>	<u> </u>

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	338,586	283,455
Adjustments in respect of prior periods	(8,723)	-
	<u> </u>	<u> </u>
Total current tax	<u>329,863</u>	<u>283,455</u>
Deferred tax		
Origination and reversal of timing differences	131,542	303,763
Changes in tax rates	178,918	-
	<u> </u>	<u> </u>
Total deferred tax	<u>310,460</u>	<u>303,763</u>
	<u> </u>	<u> </u>
Total tax charge	<u>640,323</u>	<u>587,218</u>

HOPE TOO HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2022****10 Taxation****(Continued)**

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

	2022	2021
	£	£
Profit before taxation	3,854,409	4,240,395
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	732,338	805,675
Tax effect of expenses that are not deductible in determining taxable profit	158	15
Effect of change in corporation tax rate	178,918	-
Permanent capital allowances in excess of depreciation	(71,855)	-
Depreciation on assets not qualifying for tax allowances	23,449	23,449
Research and development tax credit	(213,962)	(241,921)
Under/(over) provided in prior years	(8,723)	-
Taxation charge	640,323	587,218

The Chancellor stated his intention to maintain the main rate of corporation tax at 19%. This change to previously announced policy was substantively enacted on 17 March 2020. The Chancellor subsequently announced his intention to increase the headline rate of corporation tax to 25% from 1 April 2023, this policy was substantively enacted on 25 May 2021.

11 Dividends

	2022	2021
	£	£
Recognised as distributions to equity holders:		
Final paid	4,600,000	2,620,000

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

12 Tangible fixed assets

Group	Freehold property	Property improvements	Plant, machinery and equipment	Motor vehicles	Academy bikes	Total
	£	£	£	£	£	£
Cost						
At 1 May 2021	3,827,421	29,856	9,414,805	1,251,259	49,411	14,572,752
Additions	-	80,824	1,037,232	458,070	-	1,576,126
Disposals	-	-	(13,515)	(263,306)	-	(276,821)
At 30 April 2022	3,827,421	110,680	10,438,522	1,446,023	49,411	15,872,057
Depreciation and impairment						
At 1 May 2021	1,082,559	13,354	6,275,518	489,573	14,803	7,875,807
Depreciation charged in the year	140,036	2,000	927,073	237,624	8,652	1,315,385
Eliminated in respect of disposals	-	-	(13,256)	(129,775)	-	(143,031)
At 30 April 2022	1,222,595	15,354	7,189,335	597,422	23,455	9,048,161
Carrying amount						
At 30 April 2022	2,604,826	95,326	3,249,187	848,601	25,956	6,823,896
At 30 April 2021	2,744,862	16,502	3,139,287	761,686	34,608	6,696,945

The company had no tangible fixed assets at 30 April 2022 or 30 April 2021.

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant, machinery and equipment	1,553,445	1,632,951	-	-
Motor vehicles	313,813	500,303	-	-
	1,867,258	2,133,254	-	-

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	100	100

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

13 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 May 2021 and 30 April 2022

100

Carrying amount

At 30 April 2022

100

At 30 April 2021

100

14 Subsidiaries

Details of the company's subsidiaries at 30 April 2022 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
Hope Technology Holdings Limited	1	Ordinary	100.00	-
Hope Technology (IPCO) Limited	1	Ordinary	0	100.00

Registered office addresses (all UK unless otherwise indicated):

1 Hope Mill, Calf Hall Road, Barnoldswick, BB18 5PX

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	4,037,182	2,619,253	-	-

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	555,939	403,272	-	-
Corporation tax recoverable	55,578	115,181	-	-
Other debtors	238,000	168,239	-	-
Prepayments and accrued income	937,043	617,670	-	-
	1,786,560	1,304,362	-	-

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	19	967,442	845,379	-	-
Trade creditors		1,413,694	1,287,534	-	-
Corporation tax payable		-	45,445	-	-
Other taxation and social security		126,556	183,371	-	-
Other creditors		2,576,933	5,407	-	-
Accruals and deferred income		1,069,626	792,937	-	-
		<u>6,154,251</u>	<u>3,160,073</u>	<u>-</u>	<u>-</u>

All finance leases are secured over the items to which they relate.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	19	340,157	1,124,855	-	-
		<u>340,157</u>	<u>1,124,855</u>	<u>-</u>	<u>-</u>

All finance leases are secured over the items to which they relate.

19 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	1,066,416	884,281	-	-
In two to five years	301,467	1,181,232	-	-
	<u>1,367,883</u>	<u>2,065,513</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(60,284)	(95,279)	-	-
	<u>1,307,599</u>	<u>1,970,234</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	753,551	440,560
Short term timing differences	(8,058)	(5,527)
	<u>745,493</u>	<u>435,033</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 May 2021	435,033	-
Charge to profit or loss	131,542	-
Effect of change in tax rate - profit or loss	178,918	-
	<u>745,493</u>	<u>-</u>
Liability at 30 April 2022	<u>745,493</u>	<u>-</u>

As the group has not finalised its capital expenditure plans for the next financial year, it is not possible to clarify the unwinding of the net deferred tax liability over the next 12 months.

21 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	194,570	335,672
	<u>194,570</u>	<u>335,672</u>

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

22 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary W shares of £1 each	48	48	48	48
Ordinary S shares of £1 each	48	48	48	48
Ordinary F shares of £1 each	4	4	4	4
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

22 Share capital

(Continued)

Each class of shares has full voting rights and ranks pari passu in all other respects, other than having different rights to dividends.

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	205,116	258,871

Transactions with related parties

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £	2021 £
Group		
Key management personnel	2,576,624	5,407

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022 Balance £	2021 Balance £
Group		
Key management personnel	-	8,991

HOPE TOO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

24 Directors' transactions

Dividends totalling £4,600,000 (2021 - £2,620,000) were paid in the year in respect of shares held by the company's directors and their close family.

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr I Weatherill - Advance	-	-	6,892	(6,892)	-
Mrs A J Sharp - Advance	-	8,991	-	(8,991)	-
Mrs A J Sharp - Advance	-	-	8,991	(8,991)	-
		<u>8,991</u>	<u>15,883</u>	<u>(24,874)</u>	<u>-</u>

The advances are unsecured and repayable on demand.

25 Controlling party

In the opinion of the directors, the company is ultimately controlled by the Sharp and Weatherill families.

26 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	3,214,086	3,653,177
Adjustments for:		
Taxation charged	640,323	587,218
Finance costs	24,095	18,830
Investment income	(3,620)	(3,361)
Gain on disposal of tangible fixed assets	(41,150)	(82,141)
Depreciation and impairment of tangible fixed assets	1,315,385	1,098,649
Movements in working capital:		
(Increase)/decrease in stocks	(1,417,929)	586,996
Increase in debtors	(550,792)	(384,908)
Increase in creditors	2,917,560	1,010,453
Cash generated from operations	<u>6,097,958</u>	<u>6,484,913</u>

HOPE TOO HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2022****27 Analysis of changes in net funds - group**

	1 May 2021	Cash flows	New finance leases	30 April 2022
	£	£	£	£
Cash at bank and in hand	7,564,282	(893,052)	-	6,671,230
Obligations under finance leases	(1,970,234)	1,077,785	(415,150)	(1,307,599)
	<u>5,594,048</u>	<u>184,733</u>	<u>(415,150)</u>	<u>5,363,631</u>

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.