

Company Registration No. 01784071 (England and Wales)

HG&CO LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Richard Luckin

HG&CO LTD

COMPANY INFORMATION

| | | |
|------------------|---|-------------------------|
| Directors | C Hayman J Hayman M Nevin S Strutt A Wright | (Appointed 5 July 2023) |
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| Company number | 01784071 |
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| Registered office | Eastways Park Witham Essex CM8 3YE |
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| Auditor | Rickard Luckin Limited 1st Floor County House 100 New London Road Chelmsford Essex CM2 0RG |
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HG&CO LTD

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HG&CO LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Principal activities

The principal activities of the company are:

- i) processing, blending, packaging and marketing of high quality solvents for the pharmaceutical and other industries, laboratory reagents, and
- ii) production, marketing and bottling of alcoholic drinks.

Review of the business

On 4 May 2022 the company changed its name from Hayman Group Limited to HG&Co Ltd.

Revenue for the year has increased to £51,942,304 from £50,603,104 in the prior year. Pre-tax profit was £2,637,741 (2022: £3,589,538).

The company achieved operating margin of 4.8% (2022: 7.2%). Both revenue and operating margin are impacted by the mix of products, services sold and raw material costs. The company is investing and innovating to continually deliver improvements in customer service and operational efficiencies. It is a key focus to control operating costs as margins continue to come under pressure.

A total dividend of £64,924 (£0.06 per share) was paid in the year (2022: £64,704).

Kimia operates in a challenging market with fluctuations in pricing and demand. It continues to build strong partnerships throughout the supply chain and to deliver quality and service to its customers.

Symposium has continued to develop in the UK and Internationally as distributor for our alcoholic beverage brands.

Burlington continues to bottle for a select number of customers based in the UK and Internationally.

The company continues to monitor its key performance indicators which cover all areas of the business including safety, operations, sales and other staff related measures.

In regular reviews of strategy, the principal risks facing the business are taken into account. These will include: safety, general economic factors; specific markets and competitive factors; effects of climate change and policy responses to it; the effects of changes in legislation; quality and contamination risks.

Regular audits are carried out by customers and independent third-party organisations, some to maintain appropriate industry accreditations, are an integral component in ensuring that the company's quality standards are maintained and risks are managed appropriately.

Prospects

The current economic outlook remains far from certain, but we have faced the recent challenges and made solid progress in all areas of the business. We maintain our focus on efficiency improvements to strengthen and develop the company in its diverse range of activities, and continue to invest for the future.

On behalf on the Board I would like to thank, everyone in the company for their continued support and hard work, as we continue to change and adapt to meet the needs of our various markets.

HG&CO LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities, and bank overdrafts and loans, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the company enters into principally comprise forward exchange contracts. In accordance with company's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company can use interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Foreign currency risk

The company continues to routinely carry out business denominated in foreign currencies. It remains the company policy to mitigate exchange risks by, as far as possible, matching the currency purchases to that of receipts. The company operates a multi-currency business system which allows more timely control over any gains and losses.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Going concern

The directors are satisfied that HG&Co has adequate resources to continue to operate in the foreseeable future. For this reason the going concern basis is appropriate for the preparation of the financial statements.

HG&CO LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Corporate Social Responsibility Statement

In compliance with Section 172 (1) of the Companies Act 2006

HG&Co Ltd is a forward-looking, sustainable independent family business and at the time of writing we are in the final stages of B Corp certification.

Across the business, we work with small independents through to leading global organisations. Through our extensive experience and knowledge, we have gained a reputation as experts in our industry. This enables us to ensure we deliver a personal service of the highest quality to all our customers.

Our commitment to sustainability

As a family business, we are always thinking about the future and taking a long-term view. For us, this means striving to enhance the sustainability of our products, while reducing the impact of our operations on the environment.

This commitment is reflected in our Articles of Association, which have been updated to make our business legally required to consider the impact of our decisions on people, customers, suppliers, community and the planet.

We also provide the opportunity for HG&Co Ltd employees to build their understanding of sustainability, with education, training and procedures to address issues that are material to our business. These are embedded into everyone's roles and responsibilities, and our performance review program includes social and environmental objectives and metrics, instilling a sense of responsibility and agency across all our teams.

Employees

To achieve our mission, it's crucial that we listen to our employees and meaningfully involve them in the decision-making process. This year, with input from each of our employees, we refreshed and rolled out our new company values:

- Ownership
- Opportunity
- Boldness
- Decency

This is the foundation on which our employees stand.

Suppliers

HG&Co Ltd is committed to ensuring a high standard of ethical and environmental trade practices. We strongly believe that all businesses have a responsibility to protect and respect human rights. Our Ethical Trade Policy ensures those who work with us to produce and deliver our products are not being exploited or exposed to unsafe working conditions. This policy also helps us to manage and work to minimise environmental impacts across the whole value chain.

HG&CO LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Community

At HG&Co Ltd, we engage with the community by supporting local communities and causes, and partnering with selected charities to help restore local resources and improve the lives of those who are less able, vulnerable or experiencing hardship. We also provide industry-wide support: we're members of relevant trade organisations for our industries, and deliver regular training and workshops to improve the overall education of these sectors.

Environment

One of our most important goals is to become a low carbon company setting the standard for the industry and for other family businesses like ours. We have begun implementing a robust action plan, aiming to reduce our operational scope 1-3 carbon emissions by 3% year-on-year. We're also working towards reducing our landfill use significantly, with at least 90% of waste diverted from landfill, leading to zero waste to landfill by 2050.

In support of our vision, we will work vigorously to achieve a high standard of environmental performance, limiting its negative impacts and seeking opportunities in every decision to drive environmental sustainability.

Energy and carbon report

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 require large unquoted groups that have consumed more than 40,000 kilowatt-hours (kWh) of energy in the reporting period to include energy and carbon information.

| Indicator | Apr 2022 - Mar 2023 | Apr 2021 - Mar 2022 | % Change |
|--|--|---|----------|
| Scope 1 (tCO ₂ e) | 104 | 237 | -56% |
| Scope 2 location based (tCO ₂ e) | 189 | 190 | -1% |
| Scope 2 market based (tCO ₂ e) | 1 | 1 | -27% |
| Scope 1 and 2 location based (tCO ₂ e) | 293 | 428 | -32% |
| Energy consumption (MWh) | 1,430 | 2,038 | -31% |
| Intensity location based (tCO ₂ e/ revenue (£)) | 293/50.6m = 5.79 tCO ₂ e/rev | 428/39.9m = 10.73 tCO ₂ e/rev | -13% |

On behalf of the board

C Hayman
Director

19 December 2023

HG&CO LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Results and dividends

The results for the year are set out on page 11. Ordinary dividends were paid amounting to £64,924. The directors do not recommend payment of a final dividend.

Directors

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

C Hayman

J Hayman

M Nevin

S Strutt

D Birden

(Resigned 31 December 2022)

E Lown

(Resigned 30 November 2023)

A Wright

(Appointed 5 July 2023)

Business relationships

We refer you to our S.172 statement in the Strategic report.

Statement of directors' responsibilities

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

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

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

Statement 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 company's auditor 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 company's auditor is aware of that information.

HG&CO LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Matters covered in the strategic report

The directors have chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of results for the year, principal risks and uncertainties, corporate and social responsibility, going concern and energy and carbon reporting.

On behalf of the board

C Hayman
Director

19 December 2023

HG&CO LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HG&CO LTD

Opinion

We have audited the financial statements of HG&Co Ltd (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HG&CO LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HG&CO LTD

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

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

Capability of the audit in detecting irregularity, including fraud

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our: general commercial and sector experience; through verbal and written communications with those charged with governance and other management and via inspection of the company's regulatory and legal correspondence.

We discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to our team and remained alert to any indications of non-compliance throughout the audit, we also specifically considered where and how fraud may occur within the company.

HG&CO LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HG&CO LTD

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements, including: the company's constitution, relevant financial reporting standards; company law; tax legislation and distributable profits legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines and penalties, or through losses arising from litigations. We identified the following areas as those most likely to have such an affect: employment legislation; health and safety legislation; trade and export legislation; data protection legislation; anti-bribery and anti-corruption legislation; legislation in respect of control of substances hazardous to health, food safety hygiene standards; and regulations relating to alcohol and hazardous cargo legislation.

ISAs (UK) limit the required procedures to identify non-compliance with these laws and regulations, and no procedures over and above those already noted are required. These limited procedures did not identify any actual or suspected non-compliance with laws and regulations that could have a material impact on the financial statements.

In relation to fraud, we performed the following specific procedures in addition to those already noted:

- Challenging assumptions made by management in its significant accounting estimates in particular: fair value assumptions of mixed use investment properties, provisions for bad debt and provisions for slow moving or obsolete stock;
- Identifying and testing journal entries, in particular any entries posted with unusual nominal ledger account combinations, journal entries crediting any revenue account and scrutiny of large or unusual journal entries;
- Performing analytical procedures to identify unexpected movements in account balances which may be indicative of fraud;
- Ensuring that testing undertaken on both the performance statements, and the Balance Sheet includes a number of items selected on a random basis; and
- Discussions with management.

These procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with ISAs (UK). For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

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.

HG&CO LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HG&CO LTD

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.

Amit Popat
Senior Statutory Auditor
For and on behalf of Rickard Luckin Limited

20 December 2023

Chartered Accountants
Statutory Auditor

1st Floor
County House
100 New London Road
Chelmsford
Essex
CM2 0RG

HG&CO LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023 £ | 2022 £ |
|--|----------|-------------------|-------------------|
| Turnover | 3 | 51,942,304 | 50,603,104 |
| Cost of sales | | (32,469,843) | (30,135,039) |
| Gross profit | | 19,472,461 | 20,468,065 |
| Administrative expenses | | (17,287,312) | (17,312,436) |
| Other operating income | | 306,977 | 505,846 |
| Operating profit | 4 | 2,492,126 | 3,661,475 |
| Interest receivable and similar income | 8 | 5,991 | 2,910 |
| Interest payable and similar expenses | 9 | (132,846) | (74,847) |
| Fair value gain on investment properties | 11 | 272,470 | - |
| Profit before taxation | | 2,637,741 | 3,589,538 |
| Tax on profit | 12 | (414,324) | (535,772) |
| Profit for the financial year | | 2,223,417 | 3,053,766 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HG&CO LTD

BALANCE SHEET

AS AT 31 MARCH 2023

| | | 2023 | | 2022 | |
|--|-------|-------------------|--------------------------|-------------------|--------------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 14 | | 8,433,408 | | 8,712,314 |
| Investment property | 15 | | 3,448,000 | | 3,175,530 |
| Investments | 16 | | 1,110 | | 1,110 |
| | | | <u>11,882,518</u> | | <u>11,888,954</u> |
| Current assets | | | | | |
| Stocks | 18 | 5,598,130 | | 3,925,969 | |
| Debtors | 19 | 8,521,335 | | 9,955,837 | |
| Cash at bank and in hand | | 7,063,096 | | 8,285,470 | |
| | | <u>21,182,561</u> | | <u>22,167,276</u> | |
| Creditors: amounts falling due within one year | 20 | (9,487,028) | | (12,335,895) | |
| Net current assets | | | <u>11,695,533</u> | | <u>9,831,381</u> |
| Total assets less current liabilities | | | <u>23,578,051</u> | | <u>21,720,335</u> |
| Creditors: amounts falling due after more than one year | 21 | | (2,842,882) | | (3,181,751) |
| Provisions for liabilities | | | | | |
| Provisions | 23 | 392,433 | | 308,760 | |
| Deferred tax liability | 24 | 410,000 | | 410,000 | |
| | | <u>(802,433)</u> | | <u>(718,760)</u> | |
| Net assets | | | <u><u>19,932,736</u></u> | | <u><u>17,819,824</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 26 | | 1,070,218 | | 1,080,943 |
| Share premium account | | | 280,993 | | 280,993 |
| Revaluation reserve | 27 | | 2,325,315 | | 2,325,315 |
| Capital redemption reserve | | | 39,789 | | 29,064 |
| Profit and loss reserves | 28 | | 16,216,421 | | 14,103,509 |
| Total equity | | | <u><u>19,932,736</u></u> | | <u><u>17,819,824</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 19 December 2023 and are signed on its behalf by:

C Hayman
Director

S Strutt
Director

Company Registration No. 01784071

HG&CO LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

| | Share capital | Share premium account | Revaluation reserve | Capital redemption reserve | Profit and loss reserves | Total |
|--|---------------|-----------------------|---------------------|----------------------------|--------------------------|------------|
| Notes | £ | £ | £ | £ | £ | £ |
| Balance at 1 April 2021 | 1,080,943 | 280,993 | 2,325,315 | 29,064 | 11,114,447 | 14,830,762 |
| Year ended 31 March 2022: | | | | | | |
| Profit and total comprehensive income for the year | - | - | - | - | 3,053,766 | 3,053,766 |
| Dividends | 13 | - | - | - | (64,704) | (64,704) |
| Balance at 31 March 2022 | 1,080,943 | 280,993 | 2,325,315 | 29,064 | 14,103,509 | 17,819,824 |
| Year ended 31 March 2023: | | | | | | |
| Profit and total comprehensive income for the year | - | - | - | - | 2,223,417 | 2,223,417 |
| Dividends | 13 | - | - | - | (64,924) | (64,924) |
| Purchase of own shares | 26 | (10,725) | - | 10,725 | (45,581) | (45,581) |
| Balance at 31 March 2023 | 1,070,218 | 280,993 | 2,325,315 | 39,789 | 16,216,421 | 19,932,736 |

HG&CO LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

| | | 2023 | 2022 |
|---|-------|------------------|------------------|
| | Notes | £ | £ |
| Cash flows from operating activities | | | |
| Cash generated from operations | 34 | 503,460 | 4,348,455 |
| Interest paid | | (132,846) | (74,847) |
| Income taxes paid | | (633,884) | (625,289) |
| Net cash (outflow)/inflow from operating activities | | (263,270) | 3,648,319 |
| Investing activities | | | |
| Purchase of tangible fixed assets | | (561,057) | (225,756) |
| Proceeds from disposal of tangible fixed assets | | 50,361 | 15,753 |
| Interest received | | 5,991 | 2,910 |
| Net cash used in investing activities | | (504,705) | (207,093) |
| Financing activities | | | |
| Purchase of own shares | | (45,581) | - |
| Repayment of bank loans | | (343,894) | (346,515) |
| Dividends paid | | (64,924) | (64,704) |
| Net cash used in financing activities | | (454,399) | (411,219) |
| Net (decrease)/increase in cash and cash equivalents | | (1,222,374) | 3,030,007 |
| Cash and cash equivalents at beginning of year | | 8,285,470 | 5,255,463 |
| Cash and cash equivalents at end of year | | <u>7,063,096</u> | <u>8,285,470</u> |

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

HG&Co Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Eastways Park, Witham, Essex, CM8 3YE.

1.1 Accounting convention

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

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

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

Group financial statements have not been prepared as all subsidiaries are dormant and are not material to the group. The financial statements therefore present information about the company as a single entity and not as a group.

1.2 Going concern

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

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

Revenue from commissions is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

1.4 Tangible fixed assets

With the exception of a freehold property, all other tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

Advantage has been taken of the transitional provisions of FRS102 so that a freehold property is stated in the balance sheet at its deemed cost on transition, being the fair value of the property from the last date of revaluation, less any subsequent depreciation and impairment losses.

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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

| | |
|-----------------------------|-----------------------------|
| Land and buildings Freehold | 50 years straight line |
| Plant and machinery | 3 to 25 years straight line |
| Office equipment | 3 to 7 years straight line |
| Motor vehicles | 4 to 10 years straight line |

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 credited or charged to profit or loss.

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Gains or losses arising from changes in the fair value of investment property are included in profit and loss for the period in which they arise.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.7 Impairment of fixed assets

At each reporting period end date, the company 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.

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

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

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

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 Stocks

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

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

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from related parties that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company 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 company.

1.12 Taxation

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

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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Deferred tax

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

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

Deferred tax is provided on amounts transferred to or from the revaluation reserve.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.17 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Investment property split

The company rents a proportion of one of its properties to an independent third party. The split of this investment property has been based on the square footage of the property occupied by the third party.

Valuation of investment property

The fair value of the investment property element has been arrived at on the basis of a directors valuation. The directors have reviewed the valuation as at the year end, based on the market rate rent per square foot of similar properties and applying this percentage to the investment property. See note 15 for further details.

Depreciation

Depreciation is provided for on tangible fixed assets. Depreciation rates used are the management's best estimates of the useful economic life of these assets. There is an element of uncertainty in estimating the life of an asset and therefore the depreciation rates to be used.

Stock provision

The directors have made provisions against raw material and finished goods where they estimate the recoverable value of stock is lower than the cost, based on age, seasonality and condition of stock.

3 Turnover and other revenue

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

| | 2023 £ | 2022 £ |
|---|-------------------|-------------------|
| Turnover analysed by class of business | | |
| Income from sale of goods | 51,584,048 | 50,198,562 |
| Commissions | 358,256 | 404,542 |
| | <u>51,942,304</u> | <u>50,603,104</u> |

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

| | | | |
|----------|---|--------------------|-------------------|
| 3 | Turnover and other revenue | (Continued) | |
| | | 2023 | 2022 |
| | | £ | £ |
| | Turnover analysed by geographical market | | |
| | United Kingdom | 34,046,393 | 35,591,236 |
| | Rest of world | 17,895,911 | 15,011,868 |
| | | <u>51,942,304</u> | <u>50,603,104</u> |
| | | 2023 | 2022 |
| | | £ | £ |
| | Other revenue | | |
| | Interest income | 5,991 | 2,910 |
| | Rental income arising from investment properties | 306,977 | 317,046 |
| | Insurance claim | - | 188,800 |
| | | <u></u> | <u></u> |
| 4 | Operating profit | 2023 | 2022 |
| | | £ | £ |
| | Operating profit for the year is stated after charging/(crediting): | | |
| | Exchange gains | (255,566) | (132,649) |
| | Research and development costs | - | 412,652 |
| | Fees payable to the company's auditor for the audit of the company's financial statements | 33,600 | 28,187 |
| | Depreciation of owned tangible fixed assets | 790,262 | 823,879 |
| | Impairment of owned tangible fixed assets | - | 171,479 |
| | Profit on disposal of tangible fixed assets | (660) | (15,753) |
| | Operating lease charges | 426,821 | 454,540 |
| | | <u></u> | <u></u> |
| 5 | Auditors' remuneration | 2023 | 2022 |
| | | £ | £ |
| | Fees payable to the company's auditor and its associates: | | |
| | For audit services | | |
| | Audit of the company's financial statements | 33,600 | 28,187 |
| | | <u></u> | <u></u> |
| | For other services | | |
| | All other non-audit services | 11,765 | 5,775 |
| | | <u></u> | <u></u> |
| | For services in respect of associated pension schemes | | |
| | Audit | - | 4,000 |
| | | <u></u> | <u></u> |

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Employees

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

| | 2023 Number | 2022 Number |
|--------------------------|----------------|----------------|
| Production | 80 | 78 |
| Selling and distribution | 33 | 15 |
| Administration | 17 | 34 |
| Total | 130 | 127 |

Their aggregate remuneration comprised:

| | 2023 £ | 2022 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 7,338,840 | 8,097,798 |
| Social security costs | 565,824 | 512,319 |
| Pension costs | 304,417 | 287,383 |
| | 8,209,081 | 8,897,500 |

7 Directors' remuneration

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Remuneration for qualifying services | 2,104,522 | 2,632,056 |
| Company pension contributions to defined contribution schemes | 81,572 | 70,976 |
| | 2,186,094 | 2,703,032 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2022 - 6).

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

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Remuneration for qualifying services | 808,401 | 746,471 |
| Company pension contributions to defined contribution schemes | 33,133 | 31,532 |

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Interest receivable and similar income

| | 2023 | 2022 |
|---------------------------|--------------|--------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 5,991 | 2,910 |
| | <u>5,991</u> | <u>2,910</u> |

| | 2023 | 2022 |
|--|--------------|--------------|
| | £ | £ |
| Investment income includes the following: | | |
| Interest on financial assets not measured at fair value through profit or loss | 5,991 | 2,910 |
| | <u>5,991</u> | <u>2,910</u> |

9 Interest payable and similar expenses

| | 2023 | 2022 |
|--|----------------|---------------|
| | £ | £ |
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 132,846 | 74,847 |
| | <u>132,846</u> | <u>74,847</u> |

10 Impairments

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

| | Notes | 2023 | 2022 |
|-------------------------------|-------|----------|----------------|
| | | £ | £ |
| In respect of: | | | |
| Property, plant and equipment | 14 | - | 171,479 |
| | | <u>-</u> | <u>171,479</u> |
| Recognised in: | | | |
| Administrative expenses | | - | 171,479 |
| | | <u>-</u> | <u>171,479</u> |

11 Fair value gains and losses

| | 2023 | 2022 |
|--|----------------|----------|
| | £ | £ |
| Changes in the fair value of investment properties | 272,470 | - |
| | <u>272,470</u> | <u>-</u> |

12 Taxation

| | 2023 | 2022 |
|--|----------------|----------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 447,301 | 541,951 |
| Adjustments in respect of prior periods | (32,977) | (6,179) |
| | <u>414,324</u> | <u>535,772</u> |
| Total current tax | <u>414,324</u> | <u>535,772</u> |

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 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:

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Profit before taxation | 2,637,741 | 3,589,538 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%) | 501,171 | 682,012 |
| Tax effect of expenses that are not deductible in determining taxable profit | 4,604 | 999 |
| Gains not taxable | (51,769) | - |
| Change in unrecognised deferred tax assets | 116,329 | (115,511) |
| Effect of change in corporation tax rate | (5) | 62,442 |
| Capital allowances in excess of depreciation | (28,846) | (10,888) |
| Depreciation on assets not qualifying for tax allowances | 22,126 | 22,126 |
| Research and development tax credit | - | (101,925) |
| Effect of revaluations of investments | (116,309) | - |
| Under/(over) provided in prior years | (32,977) | (6,179) |
| Current year over provision | - | 2,696 |
| Taxation charge for the year | 414,324 | 535,772 |

13 Dividends

| | 2023 £ | 2022 £ |
|--------------|-----------|-----------|
| Interim paid | 64,924 | 64,704 |

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Tangible fixed assets

| | Land and buildings Freehold | Plant and machinery | Office equipment | Motor vehicles | Total |
|------------------------------------|-----------------------------------|------------------------|------------------|----------------|------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 April 2022 | 6,545,089 | 8,526,152 | 1,116,058 | 696,975 | 16,884,274 |
| Additions | - | 369,847 | 90,620 | 100,590 | 561,057 |
| Disposals | - | - | - | (98,929) | (98,929) |
| At 31 March 2023 | 6,545,089 | 8,895,999 | 1,206,678 | 698,636 | 17,346,402 |
| Depreciation and impairment | | | | | |
| At 1 April 2022 | 625,558 | 5,952,946 | 1,016,299 | 577,157 | 8,171,960 |
| Depreciation charged in the year | 112,147 | 534,016 | 96,034 | 48,065 | 790,262 |
| Eliminated in respect of disposals | - | - | - | (49,228) | (49,228) |
| At 31 March 2023 | 737,705 | 6,486,962 | 1,112,333 | 575,994 | 8,912,994 |
| Carrying amount | | | | | |
| At 31 March 2023 | 5,807,384 | 2,409,037 | 94,345 | 122,642 | 8,433,408 |
| At 31 March 2022 | 5,919,531 | 2,573,206 | 99,759 | 119,818 | 8,712,314 |

The valuation of land and buildings was made as at 31 March 2013 by a firm of independent Chartered Surveyors, on an open market value basis. Advantage has been taken of the transitional provisions of FRS102 so that freehold property is stated in the balance sheet at its deemed cost on transition.

Included in freehold land and buildings is land valued at £3,684,762 (2022: £3,684,762) which is not depreciated.

If revalued assets were measured using the cost model, the carrying amounts would have been £3,522,829 (2022: £3,580,036), being cost £4,040,774 (2022: £4,040,774) and depreciation £517,945 (2022: £460,738).

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

15 Investment property

| | 2023 £ |
|--|-------------|
| Fair value | |
| At 1 April 2022 | 3,175,530 |
| Net gains or losses through fair value adjustments | 272,470 |
| | <hr/> |
| At 31 March 2023 | 3,448,000 |
| | <hr/> <hr/> |

The investment property comprises a mixed use property that is partially let out to a 3rd party. The fair value of the investment property element has been arrived at on the basis of a directors valuation, as set out in note 2.

The long term plan for the company is to fully utilise this property as the business grows. The historical cost is the same as the fair value.

16 Fixed asset investments

| | Notes | 2023 £ | 2022 £ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries | 17 | 1,110 | 1,110 |
| | | <hr/> | <hr/> |

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Movements in fixed asset investments

| | Shares in group undertakings | Listed investments | Total |
|---------------------------------|---------------------------------|-----------------------|--------|
| | £ | £ | £ |
| Cost or valuation | | | |
| At 1 April 2022 & 31 March 2023 | 1,110 | 50,000 | 51,110 |
| | <hr/> | <hr/> | <hr/> |
| Impairment | | | |
| At 1 April 2022 & 31 March 2023 | - | 50,000 | 50,000 |
| | <hr/> | <hr/> | <hr/> |
| Carrying amount | | | |
| At 31 March 2023 | 1,110 | - | 1,110 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2022 | 1,110 | - | 1,110 |
| | <hr/> | <hr/> | <hr/> |

17 Subsidiaries

These financial statements are separate company financial statements for HG&Co Ltd.

Details of the company's subsidiaries at 31 March 2023 are as follows:

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Subsidiaries

(Continued)

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct |
|--|---------------------|--------------------|----------------------|---------------|
| Burlington GB Group Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Great British Spirits Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Hayman Distillers Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Kimia International Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Smith and Tyers Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Symposium Brands Limited | England & Wales | Dormant | Ordinary | 100.00 |
| The City of London Gin Company Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Charles Merse & Co Limited | England & Wales | Dormant | Ordinary | 100.00 |
| KimiaUK Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Mena Solvents Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Hayman Distillers Limited | Republic of Ireland | Dormant | Ordinary | 100.00 |
| Burlington Drinks Limited | Republic of Ireland | Dormant | Ordinary | 100.00 |
| Symposium Limited | Republic of Ireland | Dormant | Ordinary | 100.00 |
| Kimia Trading Limited | England & Wales | Dormant | Ordinary | 100.00 |
| The Bush Rum Co Limited | England & Wales | Dormant | Ordinary | 100.00 |
| HGIFB Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Kimia Distribution Limited | England & Wales | Dormant | Ordinary | 100.00 |
| Hayman Group Limited | England & Wales | Dormant | Ordinary | 100.00 |

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking | Capital and Reserves £ | Profit/(Loss) £ |
|--|---------------------------|--------------------|
| Burlington GB Group Limited | 2 | - |
| Great British Spirits Limited | 2 | - |
| Hayman Distillers Limited | 4 | - |
| Kimia International Limited | 1,000 | - |
| Smith and Tyers Limited | 2 | - |
| Symposium Brands Limited | 10 | - |
| The City of London Gin Company Limited | 2 | - |
| Charles Merse & Co Limited | 10 | - |
| KimiaUK Limited | 10 | - |
| Mena Solvents Limited | 10 | - |
| Hayman Distillers Limited | 85 | - |
| Burlington Drinks Limited | 85 | - |
| Symposium Limited | 85 | - |
| Kimia Trading Limited | 10 | - |
| The Bush Rum Co Limited | 10 | - |
| HGIFB Limited | 10 | - |
| Kimia Distribution Limited | 10 | - |
| Hayman Group Limited | 10 | - |

After the year end the dormant subsidiary HGIFB Limited has been dissolved via a voluntary strike-off.

HG&CO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Stocks

| | 2023 £ | 2022 £ |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables | 3,938,105 | 2,574,545 |
| Finished goods and goods for resale | 1,660,025 | 1,351,424 |
| | <u>5,598,130</u> | <u>3,925,969</u> |

At the year end a provision for obsolete and damaged stock of £624,243 was made (2022: £842,250). The movement in the provision is charged to the profit and loss account.

19 Debtors

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 7,573,466 | 8,974,987 |
| Corporation tax recoverable | 12,189 | 11,998 |
| Other debtors | 53,121 | 110,948 |
| Prepayments and accrued income | 882,559 | 857,904 |
| | <u>8,521,335</u> | <u>9,955,837</u> |

20 Creditors: amounts falling due within one year

| | Notes | 2023 £ | 2022 £ |
|------------------------------------|-------|------------------|-------------------|
| Bank loans | 22 | 341,920 | 346,945 |
| Trade creditors | | 2,897,094 | 3,132,419 |
| Amounts owed to group undertakings | | 4,124 | 4,124 |
| Corporation tax | | 322,582 | 541,951 |
| Other taxation and social security | | 485,156 | 984,980 |
| Other creditors | | 627,791 | 565,622 |
| Accruals and deferred income | | 4,808,361 | 6,759,854 |
| | | <u>9,487,028</u> | <u>12,335,895</u> |

Included within creditors are some stock and raw materials that are subject to a reservation of title.

21 Creditors: amounts falling due after more than one year

| | Notes | 2023 £ | 2022 £ |
|---------------------------|-------|------------------|------------------|
| Bank loans and overdrafts | 22 | <u>2,842,882</u> | <u>3,181,751</u> |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

22 Loans and overdrafts

| | 2023 £ | 2022 £ |
|-------------------------|-----------|-----------|
| Bank loans | 3,184,802 | 3,528,696 |
| Payable within one year | 341,920 | 346,945 |
| Payable after one year | 2,842,882 | 3,181,751 |

The bank loans and overdrafts of £3,184,802 (2022: £3,528,696) including amounts due after more than one year, are secured by a fixed charge over the freehold properties, book debts, goodwill and other intangible assets and a floating charge on the company's assets.

23 Provisions for liabilities

| | Notes | 2023 £ | 2022 £ |
|--------------------------|-------|-----------|-----------|
| Reinstatement provision | | 308,760 | 308,760 |
| Onerous lease provision | | 83,673 | - |
| | | 392,433 | 308,760 |
| Deferred tax liabilities | 24 | 410,000 | 410,000 |
| | | 802,433 | 718,760 |

Movements on provisions apart from deferred tax liabilities:

| | Reinstatement provision £ | Onerous lease provision £ | Total £ |
|-----------------------------------|------------------------------|------------------------------|------------|
| At 1 April 2022 | 308,760 | - | 308,760 |
| Additional provisions in the year | - | 83,673 | 83,673 |
| At 31 March 2023 | 308,760 | 83,673 | 392,433 |

The provision of £308,760 relates to a reinstatement provision to restore two properties to their original condition at the end of the respective leases. These are expected to be settled in December 2023 and 2027 and have been discounted back to present value using a rate of interest of 3.1%.

The provision of £83,673 relates to an onerous lease provision for the rental lease agreement for the property on Essex Street. Essex Street property was considered to be no longer viable and there is no intention of re-opening it post Covid-19. The lease is due to be reviewed in December 2023 and the intention is to exit the lease at that date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

24 Deferred taxation

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

| | Liabilities 2023 £ | Liabilities 2022 £ |
|--------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Accelerated capital allowances | 344,000 | 244,680 |
| Tax losses | (20,000) | (13,680) |
| Revaluations | 86,000 | 179,000 |
| | <u>410,000</u> | <u>410,000</u> |

There were no deferred tax movements in the year.

The deferred tax liability set out above is not expected to reverse within the next 12 months.

25 Retirement benefit schemes

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 304,417 | 287,383 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The defined contributions payable to the fund at the year end and included in creditors is £210,681 (2022: £178,289).

26 Share capital

| | 2023 £ | 2022 £ |
|--------------------------------------|------------------|------------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 1,070,218 Ordinary Shares of £1 each | <u>1,070,218</u> | <u>1,080,943</u> |

Each share has full rights in the company with respect to voting, being one vote per share, dividends and distributions.

During the year the company repurchased and cancelled 10,725 Ordinary shares for £45,581.

27 Revaluation reserve

The revaluation reserve is wholly attributable to land & buildings included within tangible fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

28 Profit and loss reserves

Included within retained earnings are non-distributable reserves of £204,353 (2022: £Nil).

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | 2023 £ | 2022 £ |
|--------------------------------------|-----------|-----------|
| Acquisition of tangible fixed assets | 493,181 | - |

30 Events after the reporting date

After the year end the company repurchased and cancelled 22,025 shares for £93,606. As a result of this the director, Christopher Hayman, is now the ultimate controlling party.

31 Operating lease commitments

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

| | 2023 £ | 2022 £ |
|----------------------------|----------------|----------------|
| Within one year | 214,791 | 223,548 |
| Between two and five years | 502,806 | 660,194 |
| In over five years | 8,793 | 7,590 |
| | <u>726,390</u> | <u>891,332</u> |

Lessor

The company owns a property which it acquired with the intention of utilising fully, as the company continues to grow. However, at the year end, the company had let out unoccupied surplus space which was not in use. Rental income earned during the year was £306,977 (2022: £317,046). The property has a committed tenant for the next 2 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

| | 2023 £ | 2022 £ |
|----------------------------|----------------|------------------|
| Within one year | 317,046 | 317,046 |
| Between two and five years | 371,768 | 686,932 |
| | <u>688,814</u> | <u>1,003,978</u> |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

32 Related party transactions

Included within creditors is £4,124 (2022: £4,124) due to dormant subsidiaries and a net amount of £127,779 (2022: £89,308) due to directors, shareholders and their related companies.

Dividends of £40,768 (2022: £47,810) were paid during the year to directors and close family members of those directors.

33 Ultimate controlling party

As at the current and prior year end there was no ultimate controlling party. After the year end the company has repurchased and cancelled shares as set out in note 30, the ultimate controlling party is now the director Christopher Hayman.

34 Cash generated from operations

| | 2023 £ | 2022 £ |
|--|----------------|------------------|
| Profit for the year after tax | 2,223,417 | 3,053,766 |
| Adjustments for: | | |
| Taxation charged | 414,324 | 535,772 |
| Finance costs | 132,846 | 74,847 |
| Investment income | (5,991) | (2,910) |
| Gain on disposal of tangible fixed assets | (660) | (15,753) |
| Fair value gain on investment properties | (272,470) | - |
| Depreciation and impairment of tangible fixed assets | 790,262 | 995,358 |
| Increase in provisions | 83,673 | 60,760 |
| Movements in working capital: | | |
| Increase in stocks | (1,672,161) | (634,123) |
| Decrease/(increase) in debtors | 1,434,693 | (3,100,801) |
| (Decrease)/increase in creditors | (2,624,473) | 3,381,539 |
| Cash generated from operations | 503,460 | 4,348,455 |

35 Analysis of changes in net funds

| | 1 April 2022 £ | Cash flows £ | 31 March 2023 £ |
|---------------------------------|-------------------|------------------|--------------------|
| Cash at bank and in hand | 8,285,470 | (1,222,374) | 7,063,096 |
| Borrowings excluding overdrafts | (3,528,696) | 343,894 | (3,184,802) |
| | <u>4,756,774</u> | <u>(878,480)</u> | <u>3,878,294</u> |

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