

Registered number: 07107882

H.W. COATES (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



H.W. COATES (HOLDINGS) LIMITED

COMPANY INFORMATION

DIRECTORS

M.H A Coates
G G Coates
T H Coates
G W Ball
R Perry
M.G M Coates
R L Morris

COMPANY SECRETARY

R L Morris

REGISTERED NUMBER

07107882

REGISTERED OFFICE

Ladywood House
Ladywood Works
Leicester Road
Lutterworth
Leicestershire
LE17 4HD

INDEPENDENT AUDITORS

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

H.W. COATES (HOLDINGS) LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their Strategic Report on the Group for the year ended 31 December 2019.

BUSINESS REVIEW

The principal activity of the Company is that of a holding company.

The Group is principally engaged in warehousing and distribution. There has been no significant change in the Group's activities during the year.

We aim to present a balanced summary of the performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties that we face.

In 2019 we continued to focus on our core market of the warehousing and transport of packaged chemicals. This market has been the long term focus of the Group and it is envisaged that it will continue to be so for many years to come.

In line with this focus we continued to invest in our warehouses. We have undertaken sales activity, trained and invested in our staff and met our regulatory requirements.

Our overall turnover for the year was £69,700,356, up from £64,507,177 in 2018. Our operating profit decreased from £15,993,218 to £14,695,009.

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

We measure our performance using a variety of key performance indicators. Of most importance to the Group are sales and profit, as reported above.

We also keep track of our cash in bank and in hand. In the course of 2019 cash increased from £6,276,863 to £12,235,299.

The Group has no bank borrowings, hire purchase or other outside finance.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties that could have a material impact on the Group's performance.

The macro-economic background in which we operate has been broadly stable in 2019. If the wider economy does fall then this would have a negative effect on our business.

Of factors more under our control, we face the risk of loss of customers. This would have the effect of reducing sales and so profit. We aim to mitigate this risk by providing a good service and keeping customer accounts under review.

Where costs increase, for example the price of diesel, this has the effect of lowering profits. We aim to minimise these cost increases wherever possible.

With these risks and uncertainties in mind it has been the Group's policy to maintain positive cash balances. We assess risks periodically and adjust our plans accordingly.

All businesses will undoubtedly experience a variety of difficulties as a result of the current COVID-19 pandemic. However the Group has a strong Balance Sheet and we do not expect there to be any permanent damage to the long term future of the business. We fully expect the Group to continue as a going concern.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

SECTION 172(1) STATEMENT

The directors have had regard to the matters set out in S172(1) (a) to (f) of the Companies Act 2016. They have acted in good faith to promote the success of the Group for the benefit of its members, with specific actions as below.

S172(1) (a) The likely consequences of any decision in the long term

The directors' understanding of the business underpins their appreciation of long term decisions.

The business has been built up over the long term with investment plans to match. There is a clear plan for growth.

S172(1) (b) The interests of the Group's employees

The directors encourage engagement of all employees who are informed of events and decisions using a variety of internal media and further foster channels of communication to seek the views of all.

The Group's strategy considers all its stakeholders, including the employees.

S172(1) (c) The need to foster the Group's business relationships with suppliers, customers and others

The Group pays its bills on time and delivers a high quality service. These foster strong relationships with, respectively, suppliers and customers.

We are routinely inspected by competent authorities and have particular processes and procedures to ensure compliance.

S172(1) (d) The impact of the Group's operations on the community and the environment

The Group wholly supports and complies with the requirements of current environmental legislation and codes of practice.

Environmental policies are reviewed periodically.

S172(1) (e) The desirability of the Group maintaining a reputation for high standards of business conduct

The Group has policies for ethical procurement, dignity at work and corporate social responsibility, among others. These demonstrate the Group's adherence to high standards.

S172(1) (f) The need to act fairly between members of the Group

The Group aims for sustained, profitable growth and reinvests the majority of its profits to do this. This ensures our Balance Sheet is strong and our Group is resilient, to the benefit of all members.

H.W. COATES (HOLDINGS) LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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



T H Coates
Director

Date: 5 June 2020

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation and minority interests, amounted to £13,953,552 (2018 - £18,141,921).

During the year a dividend of £2,581,050 was declared by the directors.

DIRECTORS

The directors who served during the year were:

M H A Coates
G G Coates
T H Coates
G W Ball
R Perry
M G M Coates
R L Morris

FUTURE DEVELOPMENTS

An indication of likely future developments is included within the Group Strategic Report set out on page 1.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments comprise of cash, the main purpose of which is to provide finance for its normal trading operations and for future investment. The Group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations. The main risks arising from the Group's financial instruments are liquidity and credit risks. The Group has clear policies for managing each of these risks, as summarised below.

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generation by its operations and applying debtor collection targets.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the Group provides goods or services on deferred credit terms. Group policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the Group has been continued through internal media methods through which employees' views can be sought on issues which concern them. Throughout the Group there is close consultation between management and other employees on appropriate matters of concern, with a view to keeping employees informed about the progress of the Group's business and the economic factors affecting it.

DISABLED EMPLOYEES

The Group gives full consideration to applications from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

EMPLOYEE ENGAGEMENT

Details of employee engagement are included within the S172(1) Statement on page 2.

BUSINESS RELATIONSHIPS

Details of business relationships are included within the S172(1) Statement on page 2.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.


H.W. COATES (HOLDINGS) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end. The impact of the COVID-19 pandemic has been considered and disclosed in the Group Strategic Report on page 1.

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


.....
T H Coates
Director

Date: 5 June 2020

Ladywood House
Ladywood Works
Leicester Road
Lutterworth
Leicestershire
LE17 4HD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H.W. COATES (HOLDINGS) LIMITED

OPINION

We have audited the financial statements of H.W. Coates (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Auditors' 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H.W. COATES (HOLDINGS) LIMITED
(CONTINUED)**

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 nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H.W. COATES (HOLDINGS) LIMITED
(CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

Shelley Harvey FCCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 9/6/20

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	3	69,700,356	64,507,177
Cost of sales		(46,149,529)	(43,069,012)
GROSS PROFIT		23,550,827	21,438,165
Administrative expenses		(8,855,818)	(5,451,947)
Other operating income		-	7,000
OPERATING PROFIT	4	14,695,009	15,993,218
Income from associates		-	20,372
Amounts written off investments		(75,724)	-
Fair value movements		2,489,164	5,236,693
Interest receivable	8	86,404	29,334
Interest payable	9	(17,005)	(129,350)
Other finance expenses	10	(112,000)	(155,000)
PROFIT BEFORE TAXATION		17,065,848	20,995,267
Tax on profit	11	(3,080,104)	(2,796,849)
PROFIT FOR THE FINANCIAL YEAR		13,985,744	18,198,418
Actuarial gains on defined benefit pension scheme		842,000	630,000
Movement of deferred tax relating to pension deficit		(160,000)	(107,100)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		682,000	522,900
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		14,667,744	18,721,318
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Non-controlling interests		32,192	56,497
Owners of the parent Company		13,953,552	18,141,921
		13,985,744	18,198,418
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Non-controlling interests		32,192	56,497
Owners of the parent Company		14,635,552	18,664,821
		14,667,744	18,721,318

The notes on pages 20 to 47 form part of these financial statements.


CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Intangible assets	14	3,382,823	3,807,651
Tangible assets	15	53,901,026	55,019,177
Investments	16	-	75,724
Investment property	17	55,214,232	52,910,488
		<u>112,498,081</u>	<u>111,813,040</u>
CURRENT ASSETS			
Stocks	18	2,530,470	4,034,585
Debtors	19	13,421,344	12,387,136
Bank and cash balances	20	12,235,299	6,276,863
		<u>28,187,113</u>	<u>22,698,584</u>
Creditors: amounts falling due within one year	21	(8,441,615)	(11,179,237)
		<u>19,745,498</u>	<u>11,519,347</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>132,243,579</u>	<u>123,332,387</u>
Deferred taxation	23	(229,498)	-
		<u>(229,498)</u>	<u>-</u>
Pension liability	28	(1,395,000)	(4,800,000)
NET ASSETS		<u><u>130,619,081</u></u>	<u><u>118,532,387</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
CAPITAL AND RESERVES			
Called up share capital	24	100	100
Revaluation reserve	25	24,220,205	21,643,314
Merger reserve	25	13,121,074	13,121,074
Profit and loss account	25	93,184,417	83,706,806
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		130,525,796	118,471,294
Non-controlling interests		93,285	61,093
		130,619,081	118,532,387

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


.....
T H Coates
Director

Date: 5 June 2020


The notes on pages 20 to 47 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER:07107882

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Investments	16	<u>1</u>	<u>1</u>
		1	1
CURRENT ASSETS			
Debtors	19	<u>5,099</u>	<u>5,099</u>
		5,099	5,099
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,100</u>	<u>5,100</u>
NET ASSETS		<u>5,100</u>	<u>5,100</u>
CAPITAL AND RESERVES			
Called up share capital	24	100	100
Profit and loss account	25	<u>5,000</u>	<u>5,000</u>
		<u>5,100</u>	<u>5,100</u>

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


T H Coates
Director

Date: 5 June 2020

The notes on pages 20 to 47 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Revaluation reserve £	Merger reserve £	Retained earnings £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 January 2019	100	21,643,314	13,121,074	83,706,806	118,471,294	61,093	118,532,387
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	13,953,552	13,953,552	32,192	13,985,744
Actuarial gains on pension scheme	-	-	-	682,000	682,000	-	682,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	14,635,552	14,635,552	32,192	14,667,744
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Dividends paid	-	-	-	(2,581,050)	(2,581,050)	-	(2,581,050)
Transfer from Profit and Loss Account	-	2,576,891	-	(2,576,891)	-	-	-
TOTAL TRANSACTIONS WITH OWNERS	-	2,576,891	-	(5,157,941)	(2,581,050)	-	(2,581,050)
At 31 December 2019	100	24,220,205	13,121,074	93,184,417	130,525,796	93,285	130,619,081

The notes on pages 20 to 47 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Revaluation reserve	Merger reserve	Retained earnings	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2018	100	17,445,927	13,121,074	71,027,492	101,594,593	86,107	101,680,700
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	18,141,921	18,141,921	56,497	18,198,418
Actuarial gains on pension scheme	-	-	-	522,900	522,900	-	522,900
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	18,664,821	18,664,821	56,497	18,721,318
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Dividends: Equity capital	-	-	-	(1,582,120)	(1,582,120)	-	(1,582,120)
Transfer from Profit and Loss Account	-	4,197,387	-	(4,197,387)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	(47,842)	(47,842)
Increase in controlling interest of subsidiaries	-	-	-	(206,000)	(206,000)	(33,669)	(239,669)
TOTAL TRANSACTIONS WITH OWNERS	-	4,197,387	-	(5,985,507)	(1,788,120)	(81,511)	(1,869,631)
At 31 December 2018	100	21,643,314	13,121,074	83,706,806	118,471,294	61,093	118,532,387

The notes on pages 20 to 47 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2019	100	5,000	5,100
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
At 31 December 2019	100	5,000	5,100

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2018	100	5,000	5,100
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
At 31 December 2018	100	5,000	5,100

The notes on pages 20 to 47 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	13,985,744	18,198,418
ADJUSTMENTS FOR:		
Amortisation of intangible assets	615,250	596,208
Depreciation of tangible assets	3,107,912	2,981,194
Impairments of fixed assets	75,724	-
Profit on disposal of tangible assets	(251,251)	(2,594,280)
Interest paid	17,005	129,350
Interest received	(86,404)	(29,334)
Taxation charge	3,080,104	2,796,849
Decrease in stocks	1,504,115	227,143
(Increase)/decrease in debtors	(1,441,181)	277,482
Decrease in creditors	(1,593,140)	(913,218)
Decrease in net pension liabilities	(2,563,000)	(714,000)
Net fair value gains recognised in Profit and Loss	(2,489,164)	(5,236,693)
Share of operating profit in associates	-	(20,372)
Corporation tax paid	(2,762,827)	(2,230,370)
NET CASH GENERATED FROM OPERATING ACTIVITIES	11,198,887	13,468,377
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	-	(395,324)
Purchase of tangible fixed assets	(2,245,397)	(7,767,934)
Sale of tangible fixed assets	264,672	418,981
Purchase of investment properties	(27,855)	(16,418)
Sale of investment properties	476,129	7,851,369
Net cash paid on acquisition of subsidiary	(252,158)	(4,675,348)
Purchase of additional shareholding in subsidiary	-	(206,000)
Interest received	86,404	29,334
Hire purchase interest paid	-	(26,439)
Associate dividends received	-	15,000
NET CASH FROM INVESTING ACTIVITIES	(1,698,205)	(4,772,779)

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	-	(1,055,588)
Repayment of hire purchase contracts	-	(713,331)
Loans (repaid to)/due from directors	(944,191)	371,540
Dividends paid	(2,581,050)	(1,582,120)
Interest paid	(17,005)	(102,911)
Dividends paid to non controlling interests	-	(47,842)
NET CASH USED IN FINANCING ACTIVITIES	(3,542,246)	(3,130,252)
INCREASE IN CASH AND CASH EQUIVALENTS	5,958,436	5,565,346
Cash and cash equivalents at beginning of year	6,276,863	711,517
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	12,235,299	6,276,863
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	12,235,299	6,276,863
	12,235,299	6,276,863

The notes on pages 20 to 47 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	6,276,863	5,958,436	12,235,299
Debt due within 1 year	(3,249,020)	3,018,310	(230,710)
	<u>3,027,843</u>	<u>8,976,746</u>	<u>12,004,589</u>

The notes on pages 20 to 47 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES

1.1 COMPANY INFORMATION

The entity is a private company limited by shares, which is incorporated in England and Wales. The registered office is Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the Group's accounting policies (see note 2).

The Group's functional and presentational currency is British Pound Sterling (£).

The following principal accounting policies have been applied:

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.4 ASSOCIATES

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Profit and Loss Account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

1.5 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.6 OPERATING LEASE: LESSEE

Rentals paid under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.7 OPERATING LEASE: LESSOR

Rentals received under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

1.8 INTEREST INCOME

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

1.9 CURRENT AND DEFERRED TAXATION

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.10 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over its useful economic life.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Goodwill	- 10% straight line per annum
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1.11 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following bases:

Freehold property	- 1% straight line per annum
Long leasehold property	- Over the life of the lease
Plant and equipment	- 10% straight line per annum
Motor vehicles	- 10% - 25% straight line per annum
Depot and office equipment	- 10% - 25% straight line per annum
Forklift trucks	- 14% - 20% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss Account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.12 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

1.13 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Profit and Loss Account.

1.14 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.15 DEBTORS

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

1.16 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.17 CREDITORS

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

1.18 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at transaction price net of transaction costs and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.19 PENSIONS

DEFINED CONTRIBUTION PENSION PLANS

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

DEFINED BENEFIT PENSION PLANS

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of intangible fixed assets

The directors consider that the useful economic life of the goodwill included within these financial statements cannot be reliably measured. As a result, the directors have adopted the maximum useful economic life allowed under FRS 102.

(ii) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the tangible fixed assets, and note 1.11 for the useful economic lives for each class of assets.

(iii) Fair value of investment property

The fair value of the investment properties is sensitive to changes in the current market. The fair value adjustments have no effect on tax charges, dividends proposed or directors' remuneration and are therefore purely an accounting exercise to comply with FRS 102. In the opinion of the directors, fair value can be measured reliably by the directors.

(iv) Defined benefit pension schemes valuation

The valuation for the Group's three Defined Benefit Pension Schemes is recognised in the Balance Sheet as a liability. This is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. This is sensitive to change in the assumptions made by the actuaries who have been appointed to value the schemes. See note 28 for the assumptions made for the pension commitments, and note 1.19 for the pension accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of goods	3,117,177	2,619,895
Transport and warehouse services	56,199,269	51,085,312
Rent	7,964,986	8,966,641
Other	2,418,924	1,835,329
	<u>69,700,356</u>	<u>64,507,177</u>

All turnover arose within the United Kingdom.

4. OPERATING PROFIT

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

	2019 £	2018 £
Depreciation of tangible fixed assets	3,107,912	2,981,194
Profit on disposal of fixed assets	(251,251)	(2,594,280)
Amortisation of goodwill	615,250	596,208
Operating lease rentals	<u>1,265,663</u>	<u>996,180</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	7,250	7,000
	<u>7,250</u>	<u>7,000</u>
The auditing of accounts of subsidiaries	25,250	24,500
Taxation compliance services	4,825	3,500
All other non-audit services not included above	12,725	16,900
	<u>42,800</u>	<u>44,900</u>
Fees payable to the Group's auditor and its associates in connection with the Company's pension scheme(s) in respect of:		

	2019 £	2018 £
The auditing of accounts of the schemes	9,900	9,600
	<u>9,900</u>	<u>9,600</u>

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	13,552,592	12,570,003
Social security costs	1,413,546	1,305,498
Pension costs	511,029	362,525
Defined benefit pension scheme current service costs	239,000	262,000
	<u>15,716,167</u>	<u>14,500,026</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. EMPLOYEES (CONTINUED)

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Drivers and warehouse	309	307
Managers and office staff	122	123
Working directors	7	7
TOTAL	438	437

7. DIRECTORS' REMUNERATION

	2019 £	2018 £
Directors' emoluments	1,131,849	986,069
Company contributions to defined contribution pension schemes	59,749	70,858
	1,191,598	1,056,927

During the year retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £469,467 (2018 - £419,448).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,660 (2018 - £38,064).

8. INTEREST RECEIVABLE

	2019 £	2018 £
Interest receivable	86,404	29,334
	86,404	29,334

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. INTEREST PAYABLE

	2019 £	2018 £
Bank interest payable	-	74,285
Other loan interest payable	17,005	28,626
Finance leases and hire purchase contracts	-	26,439
	<u>17,005</u>	<u>129,350</u>

10. OTHER FINANCE EXPENSE

	2019 £	2018 £
Net interest on defined benefit pension schemes	112,000	155,000
	<u>112,000</u>	<u>155,000</u>

11. TAXATION

	2019 £	2018 £
CORPORATION TAX		
Current tax on profits for the year	2,636,662	2,609,744
Adjustments in respect of previous periods	(29,108)	(19,665)
TOTAL CURRENT TAX	<u>2,607,554</u>	<u>2,590,079</u>
DEFERRED TAX		
Origination and reversal of timing differences	81,600	85,390
Defined benefit pension scheme	390,950	121,380
TOTAL DEFERRED TAX	<u>472,550</u>	<u>206,770</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>3,080,104</u>	<u>2,796,849</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>17,065,848</u>	<u>20,995,267</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	3,242,511	3,989,101
EFFECTS OF:		
Non-tax deductible amortisation of goodwill	116,898	113,280
Expenses not deductible for tax purposes	60,867	71,704
Fair value adjustments not deductible for tax purposes	(472,941)	(994,972)
Capital allowances for year in excess of depreciation	(33,373)	81,240
Utilisation of tax losses	-	(11,975)
Adjustments to tax charge in respect of prior periods	(29,108)	(19,665)
Capital gains	27,446	75,820
Changes in provisions leading to a decrease in the tax charge	-	(77,024)
Other differences leading to an increase in the tax charge	167,804	(430,660)
TOTAL TAX CHARGE FOR THE YEAR	<u>3,080,104</u>	<u>2,796,849</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There are no factors that may affect future tax charges.

12. DIVIDENDS

	2019 £	2018 £
Dividends paid on ordinary share capital	<u>2,581,050</u>	<u>1,582,120</u>
	<u>2,581,050</u>	<u>1,582,120</u>

13. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent company for the year was £Nil (2018 - £Nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. INTANGIBLE ASSETS**Group**

	Goodwill £
COST	
At 1 January 2019	6,344,806
Additions	190,422
At 31 December 2019	6,535,228
AMORTISATION	
At 1 January 2019	2,537,155
Charge for the year	615,250
At 31 December 2019	3,152,405
NET BOOK VALUE	
At 31 December 2019	3,382,823
At 31 December 2018	3,807,651

On 1 October 2019 the Group purchased the remaining share capital of Archive File Management Limited, recognising goodwill of £190,422. Further details of this business combination are shown in note 27.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. TANGIBLE, FIXED ASSETS

Group

	Freehold property £	Long leasehold property £	Plant and equipment £	Motor vehicles £	Depot and office equipment £
COST OR VALUATION					
At 1 January 2019	46,137,284	3,084,868	4,869,125	8,245,772	409,129
Additions	781,154	61,739	519,954	364,248	125,314
Acquisition of subsidiary	-	-	-	-	20,639
Disposals	(60,790)	(35,190)	(445,723)	(845,955)	(35,239)
At 31 December 2019	46,857,648	3,111,417	4,943,356	7,764,065	519,843
DEPRECIATION					
At 1 January 2019	3,877,630	406,632	1,642,367	2,684,440	151,190
Charge for the year on owned assets	528,258	35,633	660,302	1,450,553	108,313
Disposals	(2,332)	(11,231)	(430,975)	(692,960)	(33,563)
At 31 December 2019	4,403,556	431,034	1,871,694	3,442,033	225,940
NET BOOK VALUE					
At 31 December 2019	42,454,092	2,680,383	3,071,662	4,322,032	293,903
At 31 December 2018	42,259,654	2,678,236	3,226,758	5,561,332	257,939

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. TANGIBLE FIXED ASSETS (CONTINUED)

	Forklift trucks £	Total £
COST OR VALUATION		
At 1 January 2019	2,756,193	65,502,371
Additions	392,988	2,245,397
Acquisition of subsidiary	-	20,639
Disposals	(273,597)	(1,696,494)
At 31 December 2019	<u>2,875,584</u>	<u>66,071,913</u>
DEPRECIATION		
At 1 January 2019	1,720,935	10,483,194
Charge for the year on owned assets	324,853	3,107,912
Disposals	(249,158)	(1,420,219)
At 31 December 2019	<u>1,796,630</u>	<u>12,170,887</u>
NET BOOK VALUE		
At 31 December 2019	<u>1,078,954</u>	<u>53,901,026</u>
At 31 December 2018	<u>1,035,258</u>	<u>55,019,177</u>

Land with a value of £9,451,042 (2018 - £9,451,042) is included in freehold property and is not depreciated.

16. FIXED ASSET INVESTMENTS

Group

	Investments in associates £
At 1 January 2019	75,724
Amounts written off	(75,724)
At 31 December 2019	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. FIXED ASSET INVESTMENTS (CONTINUED)**Company**

**Investments
in
subsidiary
companies
£**

COST AND NET BOOK VALUE

At 1 January 2019

1

At 31 December 2019

1**DIRECT SUBSIDIARY UNDERTAKINGS**

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
H.W. Coates Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD	Ordinary	100%

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. FIXED ASSET INVESTMENTS (CONTINUED)**INDIRECT SUBSIDIARY UNDERTAKINGS**

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
The Hazchem Network Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD	Ordinary	86.42%
C&V Data Management Services Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD	Ordinary	100%
Bond Estates Holdings Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD	Ordinary	100%
Rase Distribution Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD	Ordinary	100%
Archive File Management UK Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD	Ordinary	100%

All the group companies prepared their accounts to 31 December in the current year and have been included in the consolidation. The Hazchem Network Limited No. 04970333, C&V Data Management Services Limited No. 04119487, Bond Estates Holdings Limited No. 00465893 and Archive File Management UK Limited No. 06316154 have taken exemption from audit under S479A of the Companies Act 2006. In accordance with this subsection, H.W. Coates (Holdings) Limited has given a guarantee as set out in S479C over the liabilities of all these companies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

17. INVESTMENT PROPERTY

Group

Freehold
investment
property
£

VALUATION

At 1 January 2019	52,910,488
Additions at cost	27,855
Disposals	(213,275)
Surplus on revaluation	2,489,164
AT 31 DECEMBER 2019	55,214,232

Freehold investment properties were revalued to fair value as at 31 December 2019. The valuation was completed by the directors based on current market rents and property yields as well as CPI data.

Investment properties included at a total valuation of £4,405,656 (2018 - £4,264,682) are pledged as security against the Bond Estates Holdings Limited Pension Fund, a pension scheme of which the Group is the principal employer.

18. STOCKS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Finished goods and diesel	516,237	691,500	-	-
Residential properties under construction	2,014,233	3,343,085	-	-
	2,530,470	4,034,585	-	-

Stock recognised in cost of sales during the year as an expense was £7,197,015 (2018 - £6,302,583).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

19. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	11,436,917	10,400,765	-	-
Amounts owed by group undertakings	-	-	5,000	5,000
Other debtors	644,679	255,893	99	99
Prepayments and accrued income	1,339,748	1,323,505	-	-
Deferred taxation	-	406,973	-	-
	<u>13,421,344</u>	<u>12,387,136</u>	<u>5,099</u>	<u>5,099</u>

20. CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	12,235,299	6,276,863	-	-
	<u>12,235,299</u>	<u>6,276,863</u>	<u>-</u>	<u>-</u>

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	2,116,361	2,583,222	-	-
Amounts owed to associates	-	14,501	-	-
Corporation tax	1,333,822	1,469,620	-	-
Taxation and social security	1,378,926	983,869	-	-
Other creditors	284,134	3,328,419	-	-
Accruals and deferred income	3,328,372	2,799,606	-	-
	<u>8,441,615</u>	<u>11,179,237</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
22. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
FINANCIAL ASSETS				
Financial assets that are debt instruments measured at amortised cost	12,081,596	10,656,658	5,099	5,099
	12,081,596	10,656,658	5,099	5,099
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	3,545,616	6,790,381	-	-
	3,545,616	6,790,381	-	-

Group financial assets measured at amortised cost comprise trade debtors of £11,436,917 (2018 - £10,400,765) and other debtors of £644,679 (2018 - £255,893). Company financial assets measured at amortised cost comprise amounts owed by group of £5,000 (2018 - £5,000) and other debtors of £99 (2018 - £99).

Group financial liabilities measured at amortised cost comprise trade creditors of £2,116,361 (2018 - £2,583,222), amounts owed to associated companies of £Nil (2018 - £14,501), other creditors of £284,134 (2018 - £3,328,419) and accruals of £1,145,121 (2018 - £864,239).

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. DEFERRED TAXATION**Group**

	2019 £	2018 £
At beginning of year	406,973	758,391
Charged to the Consolidated Profit and Loss Account	(472,550)	(206,770)
Charged to Other Comprehensive Income	(160,000)	(107,100)
Arising on business combinations	(3,921)	(37,548)
AT END OF YEAR	(229,498)	406,973

The net reversal of the deferred tax liability expected to occur in the year to 31 December 2020 is £200,000. The deferred tax liability on accelerated capital allowances is expected to increase, largely due to the availability of Annual Investment Allowance in the UK. The deferred tax asset on defined benefit pensions is expected to reverse at a similar rate to that of this year as the company continues to reduce the pension liability.

The deferred taxation balance is made up as follows:

	Group 2019 £	Group 2018 £
Accelerated capital allowances	(494,548)	(409,027)
Pension provision	265,050	816,000
	(229,498)	406,973

24. SHARE CAPITAL

	2019 £	2018 £
ALLOTTED, CALLED UP AND FULLY PAID		
10,000,000 Ordinary shares of £0.00001 each	100	100

Each ordinary share has equal voting and distribution rights, including repayment of capital in the event of winding up.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

25. RESERVES**Revaluation reserve**

Includes all current and prior period revaluations of investment properties to fair value. Revaluations are recognised in profit or loss in the year they occur and are then transferred from the Profit and Loss Account to the Revaluation Reserve. Any amounts debited or credited to the revaluation reserve are not allowable as an expense or income for tax purposes. All amounts are non-distributable.

Merger reserve

Includes all balances arising on previous business combinations which were accounted for using merger accounting. All amounts are non-distributable.

Profit and loss account

Includes all current and prior period retained profits and losses. All amounts are distributable.

26. CAPITAL COMMITMENTS

At 31 December 2019 the Group and Company had capital commitments as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Contracted for but not provided in these financial statements	2,477,961	771,551	-	-
	<u>2,477,961</u>	<u>771,551</u>	<u>-</u>	<u>-</u>

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

27. BUSINESS COMBINATIONS

100% of the share capital of Archive File Management Limited was acquired during 2019 and has been accounted for using the acquisition method.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible	20,639	20,639
	<u>20,639</u>	<u>20,639</u>
Debtors	85,163	85,163
Cash at bank and in hand	31,842	31,842
TOTAL ASSETS	137,644	137,644
Creditors: due within one year	(40,145)	(40,145)
Deferred tax	(3,921)	(3,921)
TOTAL IDENTIFIABLE NET ASSETS	93,578	93,578
Goodwill		190,422
TOTAL PURCHASE CONSIDERATION		284,000
Consideration		
		£
Cash		284,000
TOTAL PURCHASE CONSIDERATION		284,000
Cash outflow on acquisition		
		£
Purchase consideration settled in cash, as above		284,000
		<u>284,000</u>
Less: Cash and cash equivalents acquired		(31,842)
NET CASH OUTFLOW ON ACQUISITION		252,158

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. PENSION COMMITMENTS

The Group operates defined contribution stakeholder pension schemes.

The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £511,029 (2018 - £362,525). Contributions totalling £77,659 (2018 - £39,745) were payable to the funds at the balance sheet date.

The Group operates three defined benefit pension schemes.

The schemes are UK-based and are closed to new entrants. The most recent full funding assessments were at 6 April 2018 for the Firmin Coates Limited Retirement Benefits Scheme, 31 August 2018 for the H.W. Coates Limited Retirement Benefits Scheme and 1 October 2017 for the Bond Estates Holdings Limited Pension Fund.

The method used to obtain the present value of scheme liabilities was an approximate conversion and update of the last full funding assessments.

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
At the beginning of the year	39,484,000	43,042,000
Current service cost	239,000	262,000
Interest expense	1,070,000	1,031,000
Actuarial losses/(gains)	3,203,000	(3,285,000)
Benefits paid	(1,328,000)	(1,566,000)
AT THE END OF THE YEAR	42,668,000	39,484,000

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	34,684,000	36,898,000
Interest income	958,000	876,000
Actuarial gains/(losses)	4,045,000	(2,655,000)
Contributions	2,914,000	1,131,000
Benefits paid	(1,328,000)	(1,566,000)
AT THE END OF THE YEAR	41,273,000	34,684,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2019 £	2018 £
Equities (including properties)	31,318,000	25,982,000
Bonds	7,464,000	6,471,000
Cash	2,491,000	2,231,000
TOTAL PLAN ASSETS	41,273,000	34,684,000
	2019 £	2018 £
Fair value of plan assets	41,273,000	34,684,000
Present value of plan liabilities	(42,668,000)	(39,484,000)
NET PENSION SCHEME LIABILITY	(1,395,000)	(4,800,000)

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Current service cost	239,000	262,000
Interest on obligation	112,000	155,000
TOTAL	351,000	417,000
Actual return on scheme assets	5,003,000	(1,779,000)
	5,003,000	(1,779,000)

The cumulative amount of actuarial losses recognised in the Consolidated Profit and Loss Account was £6,340,000 (2018 - £7,182,000).

The Group expects to contribute £256,000 to its three defined benefit pension schemes in 2020.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019	2018
	%	%
Discount rate	2.0	2.7
Consumer price inflation	2.2	2.5
Future pension increases for pensions in payment	1.7	1.8
Future pension increases for deferred pensions	2.2	2.5
Assuming retirement at age 65, the life expectancies in years are as follows:		
For a male aged 65 now	21.3	21.7
At 65 for a male member aged 45 now	22.3	22.7
For a female aged 65 now	23.2	23.5
At 65 for a female member aged 45 now	24.3	24.7

29. COMMITMENTS PAYABLE UNDER OPERATING LEASES

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	654,546	691,496	-	-
Later than 1 year and not later than 5 years	747,024	1,327,327	-	-
Later than 5 years	228,508	266,623	-	-
	<u>1,630,078</u>	<u>2,285,446</u>	<u>-</u>	<u>-</u>

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

30. COMMITMENTS RECEIVABLE UNDER OPERATING LEASES

At 31 December 2019 the Group had future minimum lease payments receivable under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	6,297,732	5,281,181	-	-
Later than 1 year and not later than 5 years	11,700,726	8,655,420	-	-
Later than 5 years	643,099	958,315	-	-
Total	18,641,557	14,894,916	-	-

31. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are as follows:

	2019 £	2018 £
Loans due to key management personnel	230,710	1,174,901
Interest charged by key management personnel	6,648	11,032
Loans due to other related parties	-	2,074,119
Interest charged by other related parties	9,968	17,594

Total key management personnel compensation for the year was £1,325,439 (2018 - £1,171,981).

32. CONTROLLING PARTY

The ultimate controlling parties are M H A Coates and G G Coates.