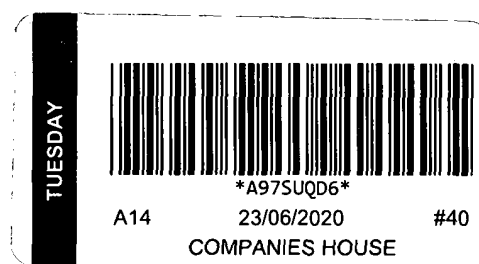


Z HINCHLIFFE & SONS LIMITED
REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2019

CONTENTS

	Page
Company information	1
Strategic report	2
Directors' report	3-4
Auditor's report	5-8
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10
Company statement of financial position	11
Consolidated statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the financial statements	14-31

Company registration number 78708



Z HINCHLIFFE & SONS LIMITED

COMPANY INFORMATION

Directors

J H Hinchliffe
G A Wilby

Secretary and Registered office

J Glennon
Hartcliffe Mills
Denby Dale
Huddersfield
HD8 8QL

Auditors

Wheawill & Sudworth Limited
Chartered Accountants
35 Westgate
Huddersfield
HD1 1PA

Bankers

HSBC Bank plc
Cloth Hall Street
Huddersfield
HD1 2ES

Credit Suisse
BCMZ1
Bahnhofstrasse 17
Postfach 357
CH-6301 Zug
Switzerland

Banca Nazionale Del Lavarò Spa
Prato
Via Bettino
2-50047
Italy

Z HINCHLIFFE & SONS LIMITED

STRATEGIC REPORT

The directors present their strategic report for the period ended 30 September 2019.

Principal activity, business review, key performance indicators and future developments

The company's principal activity during the year continued to be that of yarn spinners.

The principal activities of the group's subsidiary undertakings are outlined in note 11 to the financial statements.

The group's period was changed to 30 September in the comparative year for commercial reasons. The comparative amounts are therefore for the fifteen months ended 30 September 2018 and are therefore not entirely comparable.

During the year the group has continued to manufacture and sell cashmere and fine lambswool yarns to the knitwear and weaving industries.

Brisk business dictated the first half of the year and orders were serviced with record promptness, the second half of the year was quieter but deliveries were still executed promptly during the easier delivery season. The uncertainty of Brexit impacted in the fall in activity and results for the year and like most UK based companies the future impact remains unknown. Another significant impact on the business were the pension scheme rules and administration issues which accounted for considerable extra ordinary expense which was for the benefit of both the company and the beneficiaries. During the year the inventory prices continued rising strongly because of drought and scarcity of material and the market was hit further by speculative buying patterns governed by customers in the East. However despite the rising prices the company managed to maintain its very experienced supply chain and all materials were delivered as per contract which enabled all customers orders to be fulfilled without delay.

Since the year end the world has dealt with the Covid pandemic. This has had an impact on the business, its customers and suppliers. The Directors have assessed these risks, including the continuation of supply of raw materials, and have put appropriate measures in place to allow the business to continue. The business reopened in mid May. The Directors accept that business has been impacted but believe that, given the measures taken and its strong asset base, the business is well placed to continue going forward.

The financial key performance indicators are namely the trade debtors, trade creditors, bank balances and overdraft and loan facilities. Trade debtors are regularly monitored for both credit limits offered to customers (credit insurance is used wherever possible to cover export sales) and also to monitor the time it takes the debtors to pay. Trade creditors are also regularly monitored to ensure funds are available to pay all outstanding amounts due. The bank accounts and overdraft and loan facilities are closely monitored to ensure that funds are available for the day to day running of the business.

Financial instruments

The Group's principal financial instruments comprise bank balances, bank overdraft and loan, trade debtors and trade creditors. The main purpose of these instruments is to raise funds for the Group's operations and to finance the Group's operations. Due to the nature of the financial instruments used by the Group there is no exposure to price risk. The Group's approach to managing other risks applicable to the financial instruments is shown below.

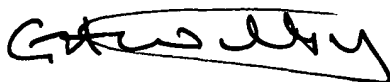
In respect of bank balances and the bank overdraft and loan the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of deposits at floating rates of interest. The Group makes use of money market facilities where funds are available. Exposure to currency risks are constantly monitored to ensure that adverse movements are contained.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Credit insurance is used to cover trade debtors in export markets wherever available.

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

This report was approved by the board on 11 June 2020 and is signed on its behalf by:

G A WILBY
Director



Z HINCHLIFFE & SONS LIMITED

DIRECTORS' REPORT

The directors present their directors' report and financial statements for the year ended 30 September 2019.

Directors

The directors who served during the year were:

J H Hinchliffe
G A Wilby

Directors' interests

The interests of the directors in the share capital of the group at the end of the year and at the beginning of the year were as follows:

<u>Z Hinchliffe & Sons Limited</u>	Ordinary shares of £1 each	Cumulative preference shares of £1 each
J H Hinchliffe	12,592	4,777
G A Wilby	60,583	4,647
<u>Harold Hinchliffe Limited</u>	Ordinary shares of 5p each	Cumulative preference shares of 5p each
J H Hinchliffe	*6,680	*51,399
G A Wilby	-	-

* 2,500 ordinary shares of 5p each and 17,500 cumulative preference shares of 5p each are jointly held by J H Hinchliffe and the James Harold Hinchliffe Settlement 2018.

The directors own no shares in any of the subsidiary companies.

A qualifying indemnity provision (as defined in section 236 of the Companies Act 2006) has been provided to the directors.

Directors' responsibilities for preparing the financial statements

The directors are responsible for preparing the Directors' 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 judgments and 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.

Z HINCHLIFFE & SONS LIMITED

DIRECTORS' REPORT (continued)

Directors' responsibilities for preparing the financial statements (continued)

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Strategic report

In accordance with section 414C(11) Companies Act 2006, the following information required to be contained in this report is set out in the company's Strategic Report on page 2 : principal activities, business review, future developments and financial risks.

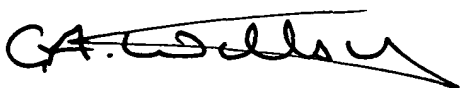
Results and dividends

The group loss for the year, after taxation and before remeasurement losses on defined benefit pension plans, was £39,555. Dividends totalling £5,833 have been paid in the period.

Auditors

Wheawill & Sudworth Limited were re-appointed as the company's auditor during the period and have expressed their willingness to continue in that capacity.

On behalf of the board



G A WILBY

Director

11 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

Z HINCHLIFFE & SONS LIMITED

Opinion

We have audited the financial statements of Z Hinchliffe & Sons Limited and its subsidiaries (the group) for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the 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 30 September 2019 and of the group's loss 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

Z HINCHLIFFE & SONS LIMITED (continued)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period 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 our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- 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 set out on pages 3 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

Z HINCHLIFFE & SONS LIMITED (continued)

Responsibilities of directors (continued)

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.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
Z HINCHLIFFE & SONS LIMITED (continued)

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.

Wheawill & Sudworth Limited

Helen Solomons (Senior Statutory Auditor)

For and on behalf of
Wheawill & Sudworth Limited
Chartered accountant & statutory auditor
35 Westgate
Huddersfield
HD1 1PA

11 June 2020

Z HINCHLIFFE & SONS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended

30 SEPTEMBER 2019

	Notes	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Turnover	3	14,362,447	18,647,765
Cost of sales		(12,825,235)	(16,179,149)
Gross profit		1,537,212	2,468,616
Distribution costs		(698,629)	(1,330,123)
Administrative expenses		(843,457)	(906,862)
Operating (loss) / profit	4	(4,874)	231,631
Interest receivable and similar income	5	1,332	11,332
Interest payable and similar charges	6	(36,013)	(3,638)
(Loss) / profit on ordinary activities before taxation		(39,555)	239,325
Taxation on (loss) / profit on ordinary activities	7	-	-
(Loss) / profit for the financial year		(39,555)	239,325
Remeasurement losses on defined benefit pension plans	16	(247,000)	(174,000)
Total comprehensive income for the year		(286,555)	65,325

None of the group's activities were acquired or discontinued during the above two financial periods.

The notes on pages 14 to 31 form part of these financial statements.

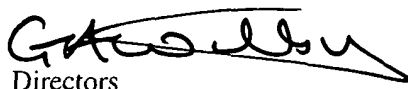
Z HINCHLIFFE & SONS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****30 SEPTEMBER 2019**

	Notes	30 September 2019 £	30 September 2018 £
Fixed assets			
Tangible assets	10	3,181,552	3,409,952
Current assets			
Stocks	12	11,633,836	10,287,205
Debtors	13	3,200,817	4,513,891
Cash at bank and in hand		2,109,736	132,420
		16,944,389	14,933,516
Creditors: amounts falling due within one year	14	(3,781,365)	(1,838,122)
Net current assets		13,163,024	13,095,394
Total assets less current liabilities		16,344,576	16,505,346
Deferred income	15	(188,639)	(102,021)
Net assets excluding pension deficit		16,155,937	16,403,325
Pension scheme deficit	16(2)	(45,000)	-
Net assets		16,110,937	16,403,325
Capital and reserves			
Called up share capital	17	254,968	254,968
Profit and loss account	18	15,855,969	16,148,357
Shareholders' funds		16,110,937	16,403,325

The financial statements were approved by the board of directors and authorised for issue on 11 June 2020 and signed on its behalf by

G A WILBY

J H HINCHLIFFE

) 
) Directors
) 

Company Registration Number : 78708

The notes on pages 14 to 31 form part of these financial statements.

Z HINCHLIFFE & SONS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****30 SEPTEMBER 2019**

	Notes	30 September 2019 £	30 September 2018 £
Fixed assets			
Tangible assets	10	3,003,805	3,225,586
Investments	11	1,631,709	1,766,098
		<u>4,635,514</u>	<u>4,991,684</u>
Current assets			
Stocks	12	11,633,836	10,287,205
Debtors	13	3,028,337	4,341,411
Cash at bank and in hand		2,102,293	124,977
		<u>16,764,466</u>	<u>14,753,593</u>
Creditors: amounts falling due within one year	14	<u>(5,227,884)</u>	<u>(3,412,411)</u>
Net current assets		<u>11,536,582</u>	<u>11,341,182</u>
Total assets less current liabilities		<u>16,172,096</u>	<u>16,332,866</u>
Deferred income	15	<u>(188,639)</u>	<u>(102,021)</u>
Net assets excluding pension deficit		<u>15,983,457</u>	<u>16,230,845</u>
Pension scheme deficit	16(2)	<u>(45,000)</u>	<u>-</u>
Net assets		<u><u>15,938,457</u></u>	<u><u>16,230,945</u></u>
Capital and reserves			
Called up share capital	17	254,968	254,968
Profit and loss account (including loss for the financial year of £292,388 (2018: profit of £65,325))	18	<u>15,683,489</u>	<u>15,975,877</u>
Shareholders' funds		<u><u>15,938,457</u></u>	<u><u>16,230,845</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11 June 2020 and signed on its behalf by

G A WILBY

) ) Directors

J H HINCHLIFFE

) 

Company Registration Number : 78708

The notes on pages 14 to 31 form part of these financial statements.

Z HINCHLIFFE & SONS LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****30 SEPTEMBER 2019**

	Called-up share capital £	Profit and loss account £	Total £
At 1 July 2017	254,968	16,129,699	16,384,667
Profit for the period	-	239,325	239,325
Remeasurement losses on defined benefit pension plans	-	(174,000)	(174,000)
Total comprehensive income	-	65,325	65,325
Dividends	-	(46,667)	(46,667)
At 30 September 2018 and 1 October 2017	254,968	16,148,357	16,403,325
(Loss) for the year	-	(39,555)	(39,555)
Remeasurement losses on defined benefit pension plans	-	(247,000)	(247,000)
Total comprehensive income	-	(286,555)	(286,555)
Dividends	-	(5,833)	(5,833)
At 30 September 2019	254,968	15,855,969	16,110,937

The notes on pages 14 to 31 form part of these financial statements.

Z HINCHLIFFE & SONS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended

30 SEPTEMBER 2019

	Notes	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Cash flow from operating activities	9.	(209,600)	(2,823,988)
Taxation		-	-
Net cash flow from operating activities		<u>(209,600)</u>	<u>(2,823,988)</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(289,006)	(818,946)
Receipts from sales of tangible fixed assets		20,000	92,600
Receipt of grant		117,000	-
Interest received		1,332	11,332
Net cash flow from investment activities		<u>(150,674)</u>	<u>(715,014)</u>
Cash flow from financing activities			
Bank loan		2,734,920	-
Interest paid		(36,013)	(3,638)
Dividends paid		(5,833)	(46,667)
Net cash flow from financing activities		<u>2,693,074</u>	<u>(50,305)</u>
Net increase / (decrease) in cash and cash equivalents		<u>2,332,800</u>	<u>(3,589,307)</u>
Effect of exchange rates on cash and cash equivalents		116,133	26,058
Cash and cash equivalents at 1 October 2018		<u>(339,197)</u>	<u>3,224,052</u>
Cash and cash equivalents at 30 September 2019		<u>2,109,736</u>	<u>(339,197)</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,109,736	132,420
Bank overdraft		-	(471,617)
Cash and cash equivalents at 30 September 2019		<u>2,109,736</u>	<u>(339,197)</u>

The notes on pages 14 to 31 form part of these financial statements.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

1 Statement of Compliance

Z Hinchliffe & Sons Limited, company registration number 78708, is a private company limited by shares incorporated in England within the United Kingdom. The address of the registered office is Hartcliffe Mills, Denby Dale, Huddersfield HD8 8QL.

These financial statements have been prepared in compliance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

2 Accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Disclosure exemptions

The subsidiary company, John Woodhead (Dobroyd Mills) Limited, satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Z Hinchliffe & Sons Limited. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102 by the subsidiary company in its financial statements:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) Disclosures in respect of share-based payments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the company, and rounded to the nearest £.

The group's period was changed to 30 September in the comparative year for commercial reasons. The comparative amounts are therefore for the fifteen months ended 30 September 2018 and are therefore not entirely comparable.

Basis of consolidation

The group financial statements consolidate the financial statements of Z Hinchliffe & Sons Limited and its subsidiary undertaking which are made up to 30 September 2019. The acquisition method of accounting has been adopted. Uniform accounting policies are followed throughout the group and all unrealised profits and losses arising from inter-group trading are eliminated.

In accordance with Section 408 of the Companies Act 2006 Z Hinchliffe & Sons Limited is exempt from the requirement to present its own statement of income and retained earnings.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

2 Accounting policies (continued)

Fixed asset investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off. Dividends received are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

Goodwill

Purchased goodwill (both positive and negative) arising on business combinations in respect of acquisitions before 1 January 1998, when FRS 10 Goodwill and intangible assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight line method over estimated economic lives from the time the asset is put into use. Present estimated economic lives are as follows:

Freehold buildings	- 25 to 50 years
Plant and equipment	- 5 to 10 years
Motor vehicles	- 5 years

In the year of acquisition tangible fixed assets are depreciated from the beginning of the financial year. Tangible fixed assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable in full.

No depreciation is provided on freehold land.

FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" requires properties held for investment to be included in the Balance Sheet at their fair value when it can be measured reliably without undue cost or effort. The directors consider that to comply with this requirement annually would involve unjustifiable expense and therefore the investment properties are included at cost less depreciation within tangible fixed assets in note 10.

Hire purchase and leased assets

Tangible fixed assets acquired under finance and hire purchase contracts are capitalised and depreciated over their effective lives. The outstanding obligations in respect of finance leases and hire purchase contracts, net of finance charges relating to future periods, are included under creditors due within or after one year as appropriate. The finance element of the obligations is allocated to accounting periods so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks are stated at direct cost plus attributable overheads or net realisable value if lower.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

2 Accounting policies (continued)

Revenue recognition

Turnover represents the value of goods sold and services provided net of value added tax.

Grants

Grants in respect of expenditure on tangible fixed assets are accounted for under the accruals model and treated as deferred income which is credited to the profit and loss account by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Grants of a revenue nature are accounted for under the performance model and recognised in the profit and loss account when receivable, as long as all related terms and conditions are met.

Income tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Foreign currencies

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

2 Accounting policies (continued)

Employee benefits - pension costs – defined benefit schemes

The company operates defined benefit plans for the benefit of its employees. A liability for the company's obligations under the plans is recognised net of plan assets. The net change in the net defined benefit liabilities are recognised as the cost of the defined benefit plans during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Employee benefits - pension costs – defined contribution schemes

Contributions made to the group defined contribution schemes operated by the company are charged to the statement of comprehensive income as they become payable.

3 Turnover

The turnover is attributable to the group's principal activities.

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Home	7,469,214	10,209,023
Export - Europe	4,314,327	6,021,317
- Rest of the World	2,578,906	2,417,425
	<u>14,362,447</u>	<u>18,647,765</u>

4 Operating (loss) / profit

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
(a) This is stated after charging and (crediting):		
Directors' emoluments (see below)	347,423	592,882
Auditor's remuneration	29,000	28,000
Depreciation of owned assets	491,927	365,138
Loss/(profit) on disposal of tangible fixed assets	5,480	(86,975)
Amortisation of deferred capital grant income	(30,382)	(23,353)
Cost of stock recognised as an expense	8,643,202	11,032,781
	<u>8,643,202</u>	<u>11,032,781</u>
(b) Directors' emoluments/key management personnel compensation:		
Aggregate emoluments	347,423	592,882
Company pension contributions	-	-
	<u>347,423</u>	<u>592,882</u>

Retirement benefits are accruing to two (2018: two) directors under money purchase schemes.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

4 Operating (loss) / profit (continued)

	Year ended 30 September 2019	Period ended 30 September 2018
(b) Emoluments of the highest paid director:		
Aggregate emoluments	174,245	245,135
Company pension contributions	-	-
	<u>174,245</u>	<u>245,135</u>
(c) Particulars of staff:		
The average number of persons employed by the group during the period, including the directors, was as follows:	Year ended 30 September 2019 Number	Period ended 30 September 2018 Number
Administration	3	3
Production	129	133
Selling	2	2
Directors	2	2
	<u>136</u>	<u>140</u>
	£	£
Staff costs:		
Wages and salaries	2,965,488	3,968,622
Social security costs	243,022	353,388
Pension costs – defined benefit schemes	-	-
– defined contribution schemes	182,480	170,040
	<u>3,390,990</u>	<u>4,492,050</u>

5 Interest receivable and other similar income

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Bank interest	1,332	11,332
	<u>1,332</u>	<u>11,332</u>

6 Interest payable

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Bank overdraft interest	9,287	3,638
Bank loan interest	22,381	-
Other interest	4,345	-
	<u>36,013</u>	<u>3,638</u>

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

7 Income tax

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
(a) Analysis of charge for the period		
Current taxation:		
UK Corporation tax on the profit for the period	-	-
Foreign taxes	-	-
Adjustment in respect of previous periods	-	-
Total current taxation (note 7 (b))	-	-
Deferred taxation:		
Origination and reversal of timing differences	-	-
Taxation on profit on ordinary activities	-	-

At 30 September 2019 the group and company had unrelieved trading losses of £7,380,000 (30 September 2018: £7,400,000).

(b) Reconciliation of tax charge

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

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
(Loss)/profit on ordinary activities before taxation	(39,555)	239,325
Corporation tax at 19% (2018: 19%)	(7,515)	45,472
Effects of:		
Deferred tax movement not provided	4,246	(35,688)
Income/expenses not deductible for tax purposes	57,109	(109)
Movement in provisions	-	(280)
Use of brought forward taxation losses	(20,852)	-
Taxation losses generated in the year and carried forward	5,392	23,665
Net income relating to defined benefit pension schemes calculated under FRS 17 not taxable	(38,380)	(33,060)
Current tax charge for the year (note 7 (a))	-	-

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

8 Dividends

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Paid during the period:		
Preference shares	292	2,333
Ordinary shares	5,541	44,334
	<u>5,833</u>	<u>46,667</u>
Paid after the period end (not recognised as a liability):		
Preference shares	1,167	292
Ordinary shares	22,166	5,541
	<u>23,333</u>	<u>5,833</u>

9 Notes to the statement of cash flows

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Reconciliation of (loss) / profit to cash flow from operating activities		
(Loss) / profit for the period	(39,555)	239,325
Interest receivable and similar income	(1,332)	(11,332)
Interest payable and similar charges	36,013	3,638
Effect of exchange rates on cash and cash equivalents	(116,133)	(26,058)
	<u>(121,007)</u>	<u>205,573</u>
Depreciation and impairment of tangible fixed assets	491,927	365,138
Loss / (profit) on disposal of tangible fixed assets	5,480	(86,975)
Post-employment benefits less payments	(202,000)	(174,000)
(Release) of deferred government grants	(30,382)	(23,353)
(Increase) in stock	(1,346,631)	(3,104,906)
Decrease / (increase) in debtors	1,313,074	(128,593)
(Decrease) / increase in creditors	(320,061)	123,128
	<u>(209,600)</u>	<u>(2,823,988)</u>
Cash flow from operating activities		

Z HINCHLIFFE & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2019

10 Tangible fixed assets	Freehold land and buildings £	Investment properties £	Plant and machinery £	Total £
Group				
Cost				
At 30 September 2018	6,173,482	186,935	7,846,278	14,206,695
Additions	126,220	-	162,786	289,006
Disposals	-	-	(44,594)	(44,594)
At 30 September 2019	6,299,702	186,935	7,964,470	14,451,107
Depreciation:				
At 30 September 2018	3,768,567	-	7,028,176	10,796,743
Charge for the period	312,538	-	179,389	491,927
Disposals	-	-	(19,115)	(19,115)
At 30 September 2019	4,081,105	-	7,188,450	11,269,555
Net book amount at:				
30 September 2019	2,218,597	186,935	776,020	3,181,552
30 September 2018	2,404,915	186,935	818,102	3,409,952
Company				
Cost				
At 30 September 2018	5,631,730	186,935	7,846,278	13,664,943
Additions	-	-	162,786	162,786
Disposals	-	-	(44,594)	(44,594)
At 30 September 2019	5,631,730	186,935	7,964,470	13,783,135
Depreciation:				
At 30 September 2018	3,411,181	-	7,028,176	10,439,357
Charge for the period	179,699	-	179,389	359,088
Disposals	-	-	(19,115)	(19,115)
At 30 September 2019	3,590,880	-	7,188,450	10,779,330
Net book amount at:				
30 September 2019	2,040,850	186,935	776,020	3,003,805
30 September 2018	2,220,549	186,935	818,102	3,225,586

Assets costing £618,879 (2018: £618,879), mainly being land, included above are not depreciated.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

11 Fixed asset investments	Shares in undertakings £
Company	
Cost	
At 1 October 2018 and 30 September 2019	2,771,250
Provision	
At 30 September 2018	1,005,152
Charge	134,389
At 30 September 2019	1,139,541
Net book value	
At 30 September 2019	1,631,709
At 30 September 2018	1,766,098

Fixed asset investments represent:

	Country of registration or incorporation	Principal Activity	Class and percentage of shares held
Subsidiary undertakings			
John Woodhead (Dobroyd Mills) Limited	England	Property management and letting	100% ordinary
John Woodhead (Dobroyd Mills) USA Inc	USA	Dormant	100% ordinary*

*Shares in this company are held by John Woodhead (Dobroyd Mills) Limited.

	Group		Company	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	£	£	£	£
Raw materials and consumables	5,267,819	5,120,668	5,267,819	5,120,668
Work in progress	218,219	865,810	218,219	865,810
Finished yarn	6,147,798	4,300,727	6,147,798	4,300,727
	<u>11,633,836</u>	<u>10,287,205</u>	<u>11,633,836</u>	<u>10,287,205</u>

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

13 Debtors	Group		Company	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	£	£	£	£
Trade debtors	2,902,443	4,158,850	2,729,963	3,986,370
Other debtors	3,181	2,837	3,181	2,837
Prepayments and accrued income	295,033	352,044	295,033	352,044
Amount owed by parent company	160	160	160	160
	<u>3,200,817</u>	<u>4,513,891</u>	<u>3,028,337</u>	<u>4,341,411</u>

14 Creditors: amounts falling due within one year	Group		Company	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	£	£	£	£
Trade creditors	256,026	707,899	256,026	707,899
Amount owed to subsidiary undertaking	-	-	1,449,714	1,577,586
Other taxes and social security	208,503	212,312	206,808	210,615
Accruals and deferred income	567,547	431,788	566,047	430,188
Other creditors	14,369	14,506	14,369	14,506
Bank overdraft	-	471,617	-	471,617
Bank loan	2,734,920	-	2,734,920	-
	<u>3,781,365</u>	<u>1,838,122</u>	<u>5,227,884</u>	<u>3,412,411</u>

The bank borrowings totaling £2,734,920 (2018 : £471,617) are secured by a fixed and floating charge over the assets of the company.

15 Deferred income

Capital grants – group and company

	30 September 2019	30 September 2018
	£	£
At 30 September 2018	102,021	125,374
Additions	117,000	-
Amortisation of deferred capital grant income	(30,382)	(23,353)
At 30 September 2019	<u>188,639</u>	<u>102,021</u>

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

16 Pension costs and commitments

The group operates two defined benefit and two defined contribution pension schemes.

Defined benefit schemes

1 The Z Hinchliffe & Sons Limited 1978 Retirement & Death Benefit Scheme

The Scheme is a funded defined benefit final salary pension scheme which was set up by the Interim Trust Deed dated 31 May 1967. It has been approved by the Inland Revenue Savings, Pensions, Share Schemes (formerly the Pension Schemes Office) under Chapter I of Part XIV of the Income & Corporation Taxes Act 1988. The employees covered by the Scheme are contracted-out of the State Earnings Related Pension Scheme (SERPS).

Following discussions between the Trustees of the Scheme and the directors of the company, having taken appropriate advice, and having followed the necessary procedures, the Scheme was closed to further accrual from 1 June 2010.

The company has fully adopted the requirements of FRS102 Financial Reporting Standard applicable in the UK and Republic of Ireland in respect of post-employment benefits. Under this accounting standard the following disclosures are required.

The most recent actuarial valuation was carried out at 5 April 2018. The results of this have been projected to 30 September 2019 by a qualified independent actuary.

The total cost recognised in the period was as follows:

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Current service cost	-	-
Past service cost	-	-
Plan introductions, changes, curtailments and settlements	-	-
Net interest income	-	-
Recognised in profit or loss	-	-
Recognised in other comprehensive income:		
- before restriction	(140,000)	(7,000)
- reversed / (restriction)	11,000	(76,000)
	(129,000)	(83,000)
Total cost recognised	(129,000)	(83,000)

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

16 Pension costs and commitments (continued)

1 The Z Hinchliffe & Sons Limited 1978 Retirement & Death Benefit Scheme (continued)

Amounts recognised in the balance sheet were as follows:

	30 September 2019 £	30 September 2018 £
Present value of funded obligations	(6,215,000)	(5,480,000)
Fair value of plan assets	8,503,000	7,779,000
	<u>2,288,000</u>	<u>2,299,000</u>
Restriction	(2,288,000)	(2,299,000)
	<u>-</u>	<u>-</u>

The FRS102 actuarial valuation at 30 September 2019 showed a surplus before restriction of £2,288,000. This is restricted to £nil in the financial statements in accordance with paragraph 28.22 of FRS102. The FRS102 actuarial valuation at 30 September 2018 showed a surplus of £2,299,000 which was restricted to £nil.

Changes in the present value of the defined benefit obligations were as follows:

	£
Opening defined benefit obligation at 30 September	5,480,000
Current service cost	-
Past service cost	-
Interest expense	150,000
Actuarial losses	862,000
Contributions by scheme participants	-
Benefits paid	(277,000)
Closing defined benefit obligation at 30 September 2019	<u>6,215,000</u>

Changes in the fair value of the pension plan assets were as follows:

	£
Opening plan assets at 30 September 2018	7,779,000
Interest income	150,000
Actual return on plan assets (excluding interest income)	722,000
Contributions by employer	129,000
Contributions by scheme participants	-
Benefits paid	(277,000)
Closing plan assets at 30 September 2019	<u>8,503,000</u>

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

16 Pension costs and commitments (continued)

1 The Z Hinchliffe & Sons Limited 1978 Retirement & Death Benefit Scheme (continued)

The amount that each major class of pension plan assets constitutes of the fair value of the total plan assets was as follows:

	30 September 2019 £	30 September 2018 £
Equity instruments	-	4,452,000
Bonds and gilts	6,282,000	1,324,000
LDI funds	2,085,000	-
Property	-	194,000
Other	-	1,354,000
Cash and deposits	136,000	455,000
	<u>8,503,000</u>	<u>7,779,000</u>

The return on plan assets was as follows:

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Interest income	150,000	(177,000)
Actual return on plan assets (excluding interest income)	722,000	550,000
	<u>872,000</u>	<u>373,000</u>

The principal actuarial assumptions used were as follows:

	Year ended 30 September 2019	Period ended 30 September 2018
Discount rate	1.80%	2.80%
Expected rates of salary increases	n/a	n/a
Rate of increase of pensions in payment:		
- Pension accrued before 5 April 1997	0.00%	0.00%
- Pension accrued from 5 April 1997	2.75%	2.70%
- Pension accrued after 5 April 2005	2.00%	2.00%
Expected rate of inflation – RPI	3.50%	3.50%
Expected rate of inflation – CPI	2.80%	2.80%

The mortality assumptions used for longevity (in years) on retirement at age 65 are:

Retiring at the balance sheet date		
- Males	86.3	86.2
Retiring in 10 years		
- Males	87.1	87.0

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

16 Pension costs and commitments (continued)

2 The John Woodhead (Dobroyd Mills) Limited Pension & Life Assurance Scheme

The Scheme is a funded defined benefit final salary pension scheme which was set up by a Trust Deed dated 24 August 1983 and a supplemental trust deed dated 13 July 1992. It has been approved by the Inland Revenue Savings, Pensions, Share Schemes (formerly the Pension Schemes Office) under Chapter I of Part XIV of the Income & Corporation Taxes Act 1988. The employees covered by the Scheme are not contracted-out of the State Earnings Related Pension Scheme (SERPS).

Following discussions between the Trustees of the Scheme and the directors of the company, having taken appropriate advice, and having followed the necessary procedures, the Scheme was closed to further accrual from 1 June 2010.

The company has fully adopted the requirements of FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland in respect of post-employment benefits.

Under this accounting standard the following disclosures are required:

The most recent actuarial valuation was carried out at 31 May 2018. The results of this have been projected to 30 September 2018 by a qualified independent actuary. The major assumptions used by the actuary were:

The total cost recognised in the period was as follows:

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Current service cost	-	-
Past service cost	-	-
Plan introductions, changes, curtailments and settlements	-	-
Net interest income	-	-
Recognised in profit or loss	-	-
Recognised in other comprehensive income		
- before restriction	(200,000)	(225,000)
- reversed	155,000	134,000
	(45,000)	(91,000)
Total cost recognised	(45,000)	(91,000)

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 SEPTEMBER 2019****16 Pension costs and commitments (continued)****2 The John Woodhead (Dobroyd Mills) Limited Pension & Life Assurance Scheme (continued)**

Amounts recognised in the balance sheet were as follows:

	30 September 2019 £	30 September 2018 £
Present value of funded obligations	(2,785,000)	(2,305,000)
Fair value of plan assets	2,740,000	2,460,000
	<u>(45,000)</u>	<u>155,000</u>
Restriction	-	(155,000)
	<u>(45,000)</u>	<u>-</u>
Pension scheme deficit	<u>(45,000)</u>	<u>-</u>

The FRS102 actuarial valuation at 30 September 2019 showed a deficit of £45,000. The FRS102 actuarial valuation at 30 September 2018 showed a surplus of £155,000 before restriction, which was restricted to £nil in the financial statements in accordance with paragraph 28.22 of FRS102.

Changes in the present value of the defined benefit obligations were as follows:

	£
Opening defined benefit obligation at 30 September 2018	2,305,000
Current service cost	-
Past service cost	-
Interest expense	64,000
Actuarial losses	472,000
Contributions by scheme participants	-
Benefits paid	(56,000)
(Gains) / losses on curtailment	-
	<u>2,785,000</u>
Closing defined benefit obligation at 30 September 2019	<u>2,785,000</u>

Changes in the fair value of the pension plan assets were as follows:

	£
Opening plan assets at 30 September 2018	2,460,000
Interest income	64,000
Actual return on plan assets (excluding interest income)	199,000
Contributions by employer	73,000
Contributions by scheme participants	-
Benefits paid	(56,000)
	<u>2,740,000</u>
Closing plan assets at 30 September 2019	<u>2,740,000</u>

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

16 Pension costs and commitments (continued)

2 The John Woodhead (Dobroyd Mills) Limited Pension & Life Assurance Scheme (continued)

The amount that each major class of pension plan assets constitutes of the fair value of the total plan assets was as follows:

	30 September 2019 £	30 September 2018 £
Equities	1,017,000	1,697,000
Property	-	88,000
Gilts and bonds	397,000	327,000
LDI funds	611,000	-
Diversified Growth Funds	642,000	-
Other	-	225,000
Cash at bank	73,000	123,000
	<u>2,740,000</u>	<u>2,460,000</u>

The return on plan assets was as follows:

	Year ended 30 September 2019 £	Period ended 30 September 2018 £
Interest income	64,000	(69,000)
Actual return on plan assets (excluding interest income)	199,000	245,000
Total return on plan assets	<u>263,000</u>	<u>176,000</u>

The principal actuarial assumptions used were as follows:

	Year ended 30 September 2019	Period ended 30 September 2018
Discount rate	1.80%	2.80%
Expected rates of salary increases	n/a	n/a
Rate of increase of pensions in payment:		
- Pension accrued before 5 April 1997	0.00%	0.00%
- Pension accrued from 5 April 1997	2.70%	2.70%
- Pension accrued after 5 April 2005	2.00%	2.00%
Expected rate of inflation – RPI	3.50%	3.50%
Expected rate of inflation – CPI	2.80%	2.80%

The mortality assumptions used for longevity (in years) on retirement at age 65 are:

Retiring at the balance sheet date		
- Males	86.3	86.2
Retiring in 10 years		
- Males	87.1	87.0

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

16 Pension costs and commitments (continued)

3 Defined contribution schemes

The company operates and makes contributions to two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in trustee administered funds. The pension cost charge for the period was £182,480 (2018: £170,040).

17 Share capital

	Allotted, called up and fully paid	
	30 September 2019	30 September 2018
	Number and £	Number and £
5% cumulative preference shares of £1 each	30,000	30,000
Ordinary shares of £1 each	224,968	224,968
	<u>254,968</u>	<u>254,968</u>

The preference shares are entitled to a fixed cumulative dividend and, in any future winding up, a right to repayment of £1 per share. Such a repayment would be in priority to any other shares. These shares only carry voting rights at general meetings on any resolutions relating to their rights and privileges.

18 Reserves

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

19 Capital commitments

	Group		Company	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	£	£	£	£
Capital expenditure contracted but not provided for in the accounts	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases:

	2019 £	2018 £
Within one year	99,868	-
Between one and five years	310,001	-
	<u>409,869</u>	<u>-</u>

Total lease payments recognised as an expense in the year are £42,489 (2018: £nil).

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 SEPTEMBER 2019

21 Contingent liability

The company has given a guarantee to H M Customs & Excise in respect of deferred duty amounting to £350,000 (2018: £350,000).

22 Related party transactions

Key management personnel compensation in the year totalled £347,423 (period ended 30 September 2018: £592,882).

During the period the company has paid dividends to the following directors:

J H Hinchliffe
G A Wilby

23 Ultimate parent undertaking

The company is a subsidiary of Harold Hinchliffe Limited which is the ultimate parent company and the parent undertaking of the largest and smallest group which prepares consolidated financial statements and is registered in England and Wales. The ultimate controlling party is J H Hinchliffe.

Copies of the financial statements of Harold Hinchliffe Limited may be obtained from:

Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ.