

Company registration number 00078708 (England and Wales)

Z HINCHLIFFE & SONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2025

Z HINCHLIFFE & SONS LIMITED

COMPANY INFORMATION

Directors	Mr J H Hinchliffe Mr G A Wilby
Secretary	Mr J Glennon
Company number	00078708
Registered office	Hartcliffe Mills Denby Dale Huddersfield HD8 8QL
Auditor	Wheawill & Sudworth Limited Chartered Accountants 35 Westgate Huddersfield West Yorkshire HD1 1PA
Bankers	HSBC Bank plc 2 Cloth Hall Street Huddersfield West Yorkshire HD1 2ES

Z HINCHLIFFE & SONS LIMITED

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The following pages do not form part of the statutory financial statements

Z HINCHLIFFE & SONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

The directors present the strategic report for the year ended 30 September 2025.

Principal activities

The principal activity of the company continued to be that of yarn spinners.

The principal activities of the group's subsidiary undertakings are outlined in note 12 to the financial statements. During the year the group has continued to manufacture and sell cashmere and fine lambswool yarns to the knitwear and weaving industries.

Review of the business

This was a difficult year with customer demand reduced across the board. We have implemented a cost reduction programme to make savings across the business and help return it to profitability in the relative short term. Initiatives are also underway to increase sales volumes and benefits from production efficiencies.

Inflationary pressure on raw material costs, wages and energy prices is a continuing challenge in the business. The on-going challenges of political and economic uncertainties will require careful management of the Group's resources.

Financial instruments

The Group's principal financial instruments comprise of bank balances, 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 activities. 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 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.

On behalf of the board

Mr G A Wilby
Director

26 May 2026

Z HINCHLIFFE & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

The directors present their annual report and financial statements for the year ended 30 September 2025.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £23,032. The directors do not recommend payment of a further dividend.

No preference dividends were paid.

Directors

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

Mr J H Hinchliffe

Mr G A Wilby

Auditor

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

Statement of directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Strategic report

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

Statement of disclosure to auditor

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

Z HINCHLIFFE & SONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

On behalf of the board

Mr G A Wilby
Director

26 May 2026

Z HINCHLIFFE & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF Z HINCHLIFFE & SONS LIMITED

Opinion

We have audited the financial statements of Z Hinchliffe & Sons Limited (the 'company') for the year ended 30 September 2025 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2025 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Z HINCHLIFFE & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF Z HINCHLIFFE & SONS LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Obtained an understanding of the legal and regulatory framework applicable to the entity, including enquiries of management regarding known or suspected instances of non-compliance with laws and regulations;

Assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur;

Review of minutes of the Directors' Board Meetings throughout the year; and

Gained clear understanding of the entity's current activities, including obtaining an understanding of its control environment.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Z HINCHLIFFE & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF Z HINCHLIFFE & SONS LIMITED (CONTINUED)

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

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

David Butterworth
Senior Statutory Auditor
For and on behalf of Wheawill & Sudworth Limited

26 May 2026

Chartered Accountants
Statutory Auditor

35 Westgate
Huddersfield
West Yorkshire
HD1 1PA

Z HINCHLIFFE & SONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2025

		2025	2024
	Notes	£	£
Turnover	3	9,831,591	11,035,043
Cost of sales		(9,403,520)	(9,892,531)
Gross profit		428,071	1,142,512
Distribution costs		(657,556)	(953,717)
Administrative expenses		(837,600)	(891,071)
Other operating income		103,700	64,011
Operating loss	4	(963,385)	(638,265)
Interest receivable and similar income	7	339	694
Other gains and losses	8	(17,017)	(8,919)
Loss before taxation		(980,063)	(646,490)
Tax on loss	9	(23,000)	(10,250)
Loss for the financial year		(1,003,063)	(656,740)
Other comprehensive income			
Actuarial (loss)/gain on defined benefit pension schemes		(34,000)	8,000
Total comprehensive income for the year		(1,037,063)	(648,740)

Z HINCHLIFFE & SONS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2025

		2025		2024	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		2,158,811		1,953,365
Investment property	13		3,772,000		3,680,000
Investments	14		1,490,164		1,507,181
			<u>7,420,975</u>		<u>7,140,546</u>
Current assets					
Stocks	16	7,732,756		8,655,499	
Debtors	17	3,661,131		2,991,062	
Cash at bank and in hand		2,503,359		3,152,190	
		<u>13,897,246</u>		<u>14,798,751</u>	
Creditors: amounts falling due within one year					
Taxation and social security		273,133		114,128	
Other creditors		1,648,929		1,619,858	
Accruals and deferred income		496,533		217,890	
		<u>2,418,595</u>		<u>1,951,876</u>	
Net current assets			11,478,651		12,846,875
Total assets less current liabilities			18,899,626		19,987,421
Provisions for liabilities					
Deferred tax liability	19	472,703	(472,703)	449,703	(449,703)
Deferred income	20		(35,100)		(46,800)
Net assets excluding pension liability			18,391,823		19,490,918
Defined benefit pension liability	21		-		(39,000)
Net assets			<u>18,391,823</u>		<u>19,451,918</u>
Capital and reserves					
Called up share capital	22		247,213		247,213
Capital redemption reserve	23		7,755		7,755
Non-distributable profits reserve	24		3,112,362		3,043,362
Distributable profit and loss reserves			15,024,493		16,153,588
Total equity			<u>18,391,823</u>		<u>19,451,918</u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

Z HINCHLIFFE & SONS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2025

The financial statements were approved by the board of directors and authorised for issue on 26 May 2026 and are signed on its behalf by:

Mr J H Hinchliffe
Director

Mr G A Wilby
Director

Company registration number 00078708 (England and Wales)

Z HINCHLIFFE & SONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2025

		Share capital	Capital redemption reserve	Non-distributable profits	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 October 2023		254,968	-	3,012,612	16,862,227	20,129,807
Year ended 30 September 2024:						
Loss		-	-	30,750	(687,490)	(656,740)
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	8,000	8,000
Total comprehensive income		-	-	30,750	(679,490)	(648,740)
Dividends	10	-	-	-	(23,333)	(23,333)
Own shares acquired		-	-	-	(5,816)	(5,816)
Redemption of shares	22	-	7,755	-	-	7,755
Reduction of shares	22	(7,755)	-	-	-	(7,755)
Balance at 30 September 2024		247,213	7,755	3,043,362	16,153,588	19,451,918
Year ended 30 September 2025:						
Loss		-	-	69,000	(1,072,063)	(1,003,063)
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	(34,000)	(34,000)
Total comprehensive income		-	-	69,000	(1,106,063)	(1,037,063)
Dividends	10	-	-	-	(23,032)	(23,032)
Balance at 30 September 2025		247,213	7,755	3,112,362	15,024,493	18,391,823

Z HINCHLIFFE & SONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Notes	2025 £	2024 £
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	29	(283,798)	1,730,486
Investing activities			
Purchase of tangible fixed assets		(391,295)	(146,800)
Interest received		339	694
Net cash used in investing activities		(390,956)	(146,106)
Financing activities			
Purchase of own shares		-	(5,816)
Effect of exchange rates on cash and cash equivalents		48,955	(77,113)
Dividends paid		(23,032)	(23,333)
Net cash generated from/(used in) financing activities		25,923	(106,262)
Net (decrease)/increase in cash and cash equivalents		(648,831)	1,478,118
Cash and cash equivalents at beginning of year		3,152,190	1,674,072
Cash and cash equivalents at end of year		2,503,359	3,152,190

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

Company information

Z Hinchliffe & Sons Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hartcliffe Mills, Denby Dale, Huddersfield, HD8 8Q1.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investment properties measured at fair value through the profit or loss account. The principal accounting policies adopted are set out below.

The company is exempt from the requirement to prepare group accounts by Section 400 of the Companies Act 2006. These financial statements contain information about the company as an individual undertaking and do not contain consolidated financial statements as the company's ultimate parent undertaking, Harold Hinchliffe Limited, prepares consolidated financial statements which include the company and its subsidiary undertakings.

1.2 Going concern

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

1.3 Turnover

Revenue comprises sales of goods or services provided to customers net of value added tax.

1.4 Tangible fixed assets

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

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

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

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

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Fixed asset investments

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

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

(Continued)

1.7 Stocks

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

1.10 Taxation

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

Current tax

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

Deferred tax

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

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

(Continued)

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

The cost of providing benefits under defined benefit plans is determined separately for each plan and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. .

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation, less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss account on a straight line basis over the term of the relevant lease.

1.14 Government grants

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

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

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

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

3 Turnover and other revenue

	2025	2024
	£	£
Turnover analysed by geographical market		
Home	6,425,310	6,987,032
Europe	1,814,884	2,107,053
Rest of the World	1,591,397	1,940,958
	<u>9,831,591</u>	<u>11,035,043</u>

	2025	2024
	£	£
Other revenue		
Interest income	339	694
Grants received	11,700	23,011
	<u>12,039</u>	<u>23,705</u>

4 Operating loss

	2025	2024
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(60,791)	94,868
Government grants	(11,700)	(23,011)
Fees payable to the company's auditor for the audit of the company's financial statements	47,000	37,500
Depreciation of owned tangible fixed assets	185,849	196,589
Operating lease charges	(14,068)	37,681
	<u>146,289</u>	<u>233,627</u>

5 Employees

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

	2025	2024
	Number	Number
Administration	3	3
Production	97	98
Selling	3	3
Directors	2	2
	<u>105</u>	<u>106</u>

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2025	2024
		£	£
	Wages and salaries	3,115,053	3,096,865
	Social security costs	362,036	309,371
	Pension costs	210,265	284,021
		<u>3,687,354</u>	<u>3,690,257</u>
6	Directors' remuneration		
		2025	2024
		£	£
	Remuneration for qualifying services	437,662	421,643
		<u>437,662</u>	<u>421,643</u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		2025	2024
		£	£
	Remuneration for qualifying services	219,659	211,276
		<u>219,659</u>	<u>211,276</u>
7	Interest receivable and similar income		
		2025	2024
		£	£
	Interest income		
	Interest on bank deposits	339	694
		<u>339</u>	<u>694</u>
		2025	2024
		£	£
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	339	694
		<u>339</u>	<u>694</u>
8	Other gains and losses		
		2025	2024
		£	£
	Other gains and losses	(17,017)	(8,919)
		<u>(17,017)</u>	<u>(8,919)</u>

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

9 Taxation

	2025	2024
	£	£
Deferred tax		
Origination and reversal of timing differences	23,000	10,250
	<u>23,000</u>	<u>10,250</u>

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

	2025	2024
	£	£
Loss before taxation	(980,063)	(646,490)
	<u>(980,063)</u>	<u>(646,490)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2024: 25.00%)	(245,016)	(161,623)
Tax effect of expenses that are not deductible in determining taxable profit	4,180	(3,085)
Unutilised tax losses carried forward	344,220	131,338
Permanent capital allowances in excess of depreciation	(62,134)	31,870
Net income relating to defined benefit pension schemes	(18,250)	11,750
	<u>(18,250)</u>	<u>11,750</u>
Taxation charge for the year	23,000	10,250
	<u>23,000</u>	<u>10,250</u>

10 Dividends

	2025	2024
	£	£
Final paid	23,032	23,333
	<u>23,032</u>	<u>23,333</u>

11 Impairments

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

	Notes	2025	2024
		£	£
In respect of:			
Fixed asset investments	14	17,017	8,919
		<u>17,017</u>	<u>8,919</u>
Recognised in:			
Other gains and losses		17,017	8,919
		<u>17,017</u>	<u>8,919</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

12 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 October 2024	5,622,369	8,073,542	219,906	13,915,817
Additions	-	391,295	-	391,295
At 30 September 2025	5,622,369	8,464,837	219,906	14,307,112
Depreciation and impairment				
At 1 October 2024	4,009,419	7,755,806	197,227	11,962,452
Depreciation charged in the year	69,076	109,213	7,560	185,849
At 30 September 2025	4,078,495	7,865,019	204,787	12,148,301
Carrying amount				
At 30 September 2025	1,543,874	599,818	15,119	2,158,811
At 30 September 2024	1,612,950	317,736	22,679	1,953,365

Assets costing £618,879 (2023: £618,879), mainly being land, included above are not depreciated.

13 Investment property

	2025 £
Fair value	
At 1 October 2024	3,680,000
Net gains or losses through fair value adjustments	92,000
At 30 September 2025	3,772,000

Investment properties have been revalued to fair value individually at 30 September 2025 and 30 September 2024 by a CAAV member valuer. The historical cost of these properties is £186,935 (2024: £186,935).

The carrying value of land and buildings comprises:

	2025 £	2024 £
Freehold	3,772,000	3,680,000

14 Fixed asset investments

	Notes	2025 £	2024 £
Investments in subsidiaries	15	1,490,164	1,507,181

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

14 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 October 2024	1,507,181
Amount written off investments	(17,017)
At 30 September 2025	1,490,164
Carrying amount	
At 30 September 2025	1,490,164
At 30 September 2024	1,507,181

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2025 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
John Woodhead (Dobroyd Mills) Limited	England	Ordinary	100.00
John Woodhead (Dobroyd Mills) USA Inc	USA	Ordinary	100.00

16 Stocks

	2025 £	2024 £
Raw materials and consumables	2,984,906	3,741,616
Work in progress	177,118	375,436
Finished goods and goods for resale	4,570,732	4,538,447
	7,732,756	8,655,499

17 Debtors

	2025 £	2024 £
Amounts falling due within one year:		
Trade debtors	3,455,659	2,731,747
Amounts owed by group undertakings	160	160
Other debtors	1,495	1,505
Prepayments and accrued income	203,817	257,650
	3,661,131	2,991,062

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

18 Creditors: amounts falling due within one year

	2025	2024
	£	£
Trade creditors	291,309	252,562
Amounts owed to group undertakings	1,356,852	1,366,750
Taxation and social security	273,133	114,128
Other creditors	768	546
Accruals and deferred income	496,533	217,890
	<u>2,418,595</u>	<u>1,951,876</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company:

	Liabilities 2025	Liabilities 2024
	£	£
Balances:		
Investment property	741,431	718,431
Capital losses	(268,728)	(268,728)
	<u>472,703</u>	<u>449,703</u>

Movements in the year:

	2025
	£
Liability at 1 October 2024	449,703
Charge to profit or loss	23,000
	<u>472,703</u>
Liability at 30 September 2025	<u>472,703</u>

20 Deferred income

	2025	2024
	£	£
Grants	<u>35,100</u>	<u>46,800</u>

21 Retirement benefit schemes

Defined contribution schemes

The company operates two defined contribution pension schemes.

The assets of the schemes are held separately from those of the company in independently administered funds.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

21 Retirement benefit schemes

(Continued)

Defined benefit schemes

At the start of the year, the company operated two defined benefit and two defined contribution pension schemes.

The Z Hinchliffe & Sons Limited 1978 Retirement and Death Benefit Scheme was closed to new members and accrual of benefits on 16 September 2025. By this date all of the scheme's assets had been used to secure a bulk annuity purchase annuity with Aviva. Aviva are issuing individual pension policies to all former members of the scheme, being both current pensioners and deferred members. The scheme is now in the process of being wound up.

The John Woodhead (Dobroyd Mills) Limited Pension & Life Assurance 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 1 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.

The most recent actuarial valuation was carried out at 31 May 2025. The results of this have been projected to 30 September 2025 by a qualified independent actuary.

	2025	2024
	%	%
<i>Key assumptions</i>		
Discount rate	5.8	5
Expected rate of increase of pensions in payment	0.00 to 2.75	0.00 to 2.9
Expected rate of salary increases	n/a	n/a
Expected rate of inflation - RPI	3.25	3.45
Expected rate of inflation - CPI	2.85	3.05
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2025	2024
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	85.9	85.7
- Females	88.1	88.2
	<u> </u>	<u> </u>
Retiring in 10 years		
- Males	86.3	86.1
- Females	88.8	88.9
	<u> </u>	<u> </u>
<i>Amounts recognised in the profit and loss account</i>	2025	2024
<i>Costs/(income):</i>	£	£
Net interest on net defined benefit liability/(asset)	(86,000)	(280,000)
Other costs and income	13,000	400,000
	<u> </u>	<u> </u>
Total costs/(income)	<u>(73,000)</u>	<u>120,000</u>

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

21 Retirement benefit schemes

(Continued)

<i>Amounts recognised in other comprehensive income</i>	2025	2024
<i>Costs/(income):</i>	£	£
Actual return on scheme assets	(266,000)	(163,000)
Less: calculated interest element	86,000	280,000
Return on scheme assets excluding interest income	(180,000)	117,000
Effect of changes in the amount of surplus that is not recoverable	214,000	(125,000)
Total costs/(income)	34,000	(8,000)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2025	2024
	£	£
Liabilities/(assets):		
Present value of defined benefit obligations	1,446,000	5,466,000
Fair value of plan assets	(1,791,000)	(5,545,000)
Surplus in scheme	(345,000)	(79,000)
Restriction on scheme assets	345,000	131,000
Related deferred tax asset	-	(13,000)
Total liability recognised	-	39,000

The net surplus at 30 September 2025 has not been recognised in the financial statements due to the uncertainty of the timing and value of any realisation.

<i>Movements in the present value of defined benefit obligations</i>	2025
	£
Liabilities at 1 October 2024	5,466,000
Plan introductions, changes, curtailments and settlements	(4,112,894)
Benefits paid	(430,061)
Other	522,955
At 30 September 2025	1,446,000

The defined benefit obligations arise from plans which are wholly or partly funded.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2025

(Continued)

The actual return on plan assets was £266,000 (2024 - £163,000).

22 Share capital

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

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

23 Capital redemption reserve

The capital redemption reserve represents the shareholdings purchased in the prior year.

24 Non-distributable profits reserve

	2025 £	2024 £
At the beginning of the year	3,043,362	3,012,612
Revaluation surplus in the year	69,000	30,750
At the end of the year	3,112,362	3,043,362

The non distributable reserve represents the revaluation of investment properties to their fair value, adjusted for the associated deferred tax.

25 Contingent liability

The company has given a guarantee to HM Revenue & Customs in respect of deferred duty amounting to £350,000 (2024: £350,000).

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2025 £	2024 £
Acquisition of tangible fixed assets	100,000	-

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2025 £	2024 £
Aggregate compensation	437,662	421,643

28 Ultimate controlling party

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. Copies of the financial statements of Harold Hinchliffe Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is J H Hinchliffe.

Z HINCHLIFFE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

29 Cash (absorbed by)/generated from operations

	2025 £	2024 £
Loss for the year after tax	(1,003,063)	(656,740)
Adjustments for:		
Taxation charged	23,000	10,250
Investment income	(339)	(694)
Effect of exchange rates on cash and cash equivalents	(48,955)	77,113
Fair value gain on investment properties	(92,000)	(41,000)
Depreciation and impairment of tangible fixed assets	185,849	196,589
Other gains and losses	17,017	8,919
Pension scheme non-cash movement	(86,000)	47,000
Increase in provisions	13,000	-
Decrease in deferred income	(11,700)	(23,011)
Movements in working capital:		
Decrease in stocks	922,743	1,444,267
(Increase)/decrease in debtors	(670,069)	842,011
Increase/(decrease) in creditors	466,719	(174,218)
Cash (absorbed by)/generated from operations	(283,798)	1,730,486

30 Analysis of changes in net funds

	1 October 2024 £	Cash flows £	30 September 2025 £
Cash at bank and in hand	3,152,190	(648,831)	2,503,359

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.