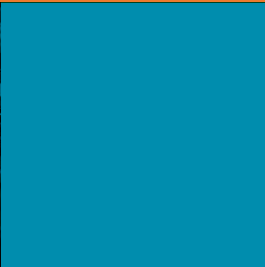


Our Heritage Your Future



Annual Report
& Accounts



Year ending
June 2023



Borderway, Rosehill, Carlisle, Cumbria CA1 2RS
t 01228 406200 | e info@borderway.com

Also operating Marts at:
Broughton-in-Furness, Kirkby Stephen,
Lazonby, Lockerbie, Middleton-in-Teesdale,
Newtown St Boswells and Wooler

harrisonandhetherington.co.uk



Borderway, Rosehill, Carlisle, Cumbria CA1 2RS
t 01228 406260 | e info@hhlandestates.co.uk

Also at: Carlisle City, Cockermouth, Durham,
Keswick, Kendal, Newtown St Boswells and
Penrith

hhlandestates.co.uk



Borderway, Rosehill, Carlisle, Cumbria CA1 2RS
t 01228 406290 | e info@hhib.co.uk

Also at: Durham, Newtown St Boswells,
Ruthin and Wrexham

hhinsurancebrokers.co.uk



Southend Road, Penrith, Cumbria CA11 8JH
t 01768 864214 | e print@hhreeds.co.uk

Also at: Carlisle

hhreeds.co.uk



The Auction Centre, Rosehill, Carlisle, Cumbria CA1 2RS
t 01228 406320 | e enquiries@hhauctionrooms.co.uk

A Trading Name of [Harrison & Hetherington](http://harrisonandhetherington.co.uk)

hhauctionrooms.co.uk

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**The Group operates as a holding company with
a number of its companies operating across the
auctioneering, property, financial and commercial services**

THE BOARD OF DIRECTORS

W B Hamilton
N R Hannah
J M Leveson
A L Mallinson
T H Mounsey-Heysham
C J Norman
R S Pattinson
R A Rankin
M L Scott

LIST OF ADVISORS

INDEPENDENT AUDITOR

UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

BANKERS

Virgin Money
Strategic Finance
30 St Vincent Place
Glasgow
G1 2HL

SOLICITORS

Burnetts Solicitors LLP
Victoria House
Wavell Drive
Rosehill Estate
Carlisle
CA1 2ST

Notice of Meeting

Notice is hereby given that the One Hundred and Thirty First Annual General Meeting of the Company will be held on 10th November 2023 at 11.00 am in the showhall at Borderway Mart, Rosehill, Carlisle.

The following resolutions will be considered:

1. To receive and consider the Accounts for the financial year ended 30 June 2023 together with the Directors' and Auditor's reports.
2. To approve the payment of Directors' fees as set out in the Accounts.
3. To declare a final dividend of 15 pence per share to be paid on 10 December 2023.
4. Proposal of special resolution to renew the authority to issue shares for future acquisitions – see page 4.
5. Proposal of a special resolution to adopt new articles of association – see page 5.
6. To re-appoint UNW LLP as Auditors of the Company to hold office from the conclusion of the meeting at a remuneration to be fixed by the Directors.

Approved by the Board on 2nd October 2023 and signed on its behalf by:

Margaret Irving

Company Secretary

REGISTERED OFFICE

Borderway Mart
Rosehill
Carlisle
CA1 2RS

REGISTERED NUMBER

00036006

NOTES

1. A member of the Company is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company. To be valid, forms of proxy must be completed, signed and deposited at the registered office of the Company – Borderway Mart, Rosehill, Carlisle – not less than 48 hours before the time appointed for the meeting. Proxy forms are available from the Company Secretary on request.
2. The following information is available for inspection during normal business hours at the registered office of the Company on any weekday from the date of this notice until the date of the Annual General Meeting and for at least 15 minutes before it begins:

Register of interests of Directors in the share capital of the Company;

Copies of contracts of service under which certain Directors of the Company are employed.

Resolution 4

PURPOSE

At the AGM in 2022 an authority was renewed which allowed the Board the flexibility of issuing 400,000 shares for carrying out future acquisitions. The existing authority expires on 11 November 2023, the Shareholders are asked in the item below to renew the authority, on an annual basis to issue 400,000 shares by way of special resolution.

THAT THE FOLLOWING BE PASSED AS A SPECIAL RESOLUTION:

That, in accordance with Section 551 of the Companies Act 2006, the Directors of the Company be generally and unconditionally authorised to allot shares in the Company, or grant rights to subscribe for, or to convert any securities in the Company (Rights) up to an aggregate nominal amount of £400,000.

This authority shall expire on 10 November 2024, unless renewed, varied or revoked by the Company, on or prior to that date, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted, or Rights to be granted, and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement, notwithstanding that the authority conferred by this Resolution has expired.

This authority revokes and replaces all unexercised authorities previously granted to the Directors, but without prejudice to any allotment of shares or grants of Rights already made or offered or agreed to be made pursuant to such authorities.

That, in accordance with Section 570 of the Companies Act 2006, the Directors be generally empowered to allot equity securities (as defined in Section 560 of the Companies Act 2006) pursuant to the authority conferred by this Resolution, up to maximum aggregate nominal amount of £400,000, as if Section 561 of the Companies Act 2006 did not apply to such an allotment, provided that this power:

- (a) shall be limited to the allotment of equity securities up to an aggregate nominal amount of £400,000; and
- (b) shall expire on 10 November 2024 (unless renewed, varied or revoked by the Company on or prior to that date) save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of any such offer or agreement, notwithstanding that this power has expired.

Resolution 5

PURPOSE

This resolution seeks approval to adopt new articles of association of the Company ("New Articles"). The New Articles are being introduced primarily to ensure all relevant rules are contained in one document, to reflect developments in market practice and legal and regulatory requirements introduced since the existing articles of association were last amended in 2011.

The principal changes introduced by the New Articles are summarised in the Appendix below. Certain changes, which are of a minor, technical or clarifying nature, have not been noted.

A copy of the Company's existing articles of association and the proposed New Articles will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office from the date of this notice of meeting until the close of the AGM. The New Articles will also be available for inspection at the AGM at least 15 minutes prior to the start of the meeting and up until the close of the AGM. A copy can be requested via email from margaret.iring@hhgroupplc.co.uk up until conclusion of the AGM and a copy is available for inspection on the Company's website at www.hhgroupplc.co.uk.

THAT THE FOLLOWING BE PASSED AS A SPECIAL RESOLUTION:

"That, with effect from the conclusion of the meeting, the articles of association produced to the meeting and initialled by the Chair of the meeting, for the purpose of identification, be and are hereby adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company."

APPENDIX

Explanatory notes on the principal changes to the Company's articles of association.

The Company proposes to adopt new articles of association (the "**New Articles**") to replace the Company's current articles of association which were adopted on 4 November 2011 (the "**Current Articles**"). The New Articles are being introduced principally to ensure all relevant rules are contained in one document, to reflect developments in best practice, and legal and regulatory requirements introduced since the existing articles of association were last amended in 2011. They also contain the flexibility to hold meetings by electronic means.

A summary of the principal changes being proposed are set out below. Other changes, which are of a more minor, technical, or clarifying nature, have not been noted in the summary.

1. Preliminary

Article 3 – contains general commercial company objects, which provide the Board with flexibility to diversify the Company's business in the future.

2. Shares and Shareholdings

Articles 13.11 – 13.19 – carry over the Relevant Investor and Mandated Disposal provisions from the Current Articles. This ensures that there is no change to the way in which Directors may deal with Relevant Investors and the ability to call for a Mandated Disposal.

Articles 17 - 19 - provide the Directors with additional flexibility to enforce liens on partly paid shares.

Articles 20 – 32 - allow the Board to make calls on members in respect of any monies unpaid on their shares, and set out the procedure for such calls, and forfeiture of shares.

Article 34 - sets out the grounds upon which directors may refuse to register a transfer of shares.

3. General Meetings of Shareholders

Article 45 - provides that 21 clear days' notice is required for an annual general meeting, and provides the Directors with the flexibility to call other general meetings on 14 days' notice.

Article 53.1 – provides flexibility for the Board to permit attendance and voting at general meetings by

electronic means, provided the shareholders are notified of this in advance in the notice of the relevant general meeting. If no such notification is given in the notice of general meeting, then no votes from members will be taken or counted by electronic means at the general meeting.

4. Directors

Article 68 – now removes the maximum age for a director, in line with the law preventing discrimination on the grounds of age.

Article 72.2 - the requirement for every non-executive Director to hold 250 shares has been carried over into this Article, however the time period for them to obtain these shares has been extended from 1 month to 3 months.

Articles 73.2 and 74.2 - provides that non-executive directors are automatically deemed to have resigned as a Director at the annual general meeting (at the end of each three year term of office), but they shall be eligible for re-appointment for a maximum of two further terms of three years. This provides a limit on the duration of time a non-executive director can hold office, in order maintain their independence and is in line with current corporate governance guidelines.

Article 80 – sets out the current custom and practice of the Company that fees paid to non-executive directors are put to the Members for approval at each annual general meeting of the Company.

5. Meetings of Directors

Articles 92, 93 and 97 - now expressly provide that Board meetings may be held by electronic means, and notice of such board meetings given by electronic means.

Article 94 - the quorum for board meetings is increased from three Directors to four Directors. the board has increased the quorum requirement to provide assurance to shareholders that board meetings will have meaningful attendance and participation by Directors.

Articles 105 to 107 - include provisions relating to conflicts of interest of the Directors which are in line with current corporate governance guidelines.

6. Administrative

Articles 122 to 131 – contain various administrative provisions including the ability of the Company to communicate by electronic means and service of notices to shareholders via its website (for those shareholders that consent to this in writing). This will save cost and help the environment by reducing the use of paper. These provisions also update the indemnity and insurance provisions relating to Directors.

The Group has had another excellent financial year, particularly after taking into account the higher percentage interest and running costs.

After the half-year results last December, I was concerned that we would finish well off our projected budget, but the second half of the year has turned this around completely.

May I say well done to all the staff for their hard work in achieving this.

Farmstock has once again seen a rise in numbers and some values, with some stock values static or even less on the year. The team continue to attract high value, prestigious sales year on year.

H&H Insurance Brokers keep producing strong results, growing the business year on year and adding more products to offer our clients.

The mixed results across the rest of the Group mask the tremendous efforts our staff have made during a difficult year, facing cost pressures both at work and of course at home.

Last year I talked about investment into our premises at Borderway. I am pleased to report that this has started with a complete refurbishment of our Insurance Brokers offices. In addition to this, we aim to present ideas for substantial improvements to Borderway Mart at the AGM, which have taken longer than expected due to the size and complexity of the work involved.

May I also give thanks again for the support of our shareholders and customers.

If you are not aware, this is my final year as Chairman of H&H Group. It has been a great privilege to be part of this expanding and progressive company. I can only wish the business continued success in the future years ahead.

Michael L Scott
Chairman

2 October 2023

The Group reported a profit before tax of £1,412,000 compared to £1,509,000 in the previous year.

FINANCIAL OVERVIEW

On turnover of £18,971,000 (2022: £17,221,000) operating profit is £1,880,000 (2022: £1,781,000) producing a profit before tax of £1,412,000 (2022: £1,509,000).

Earnings per share are 98p (2022:126p) with the board pleased to recommend a final dividend of 15p per share in addition to the interim dividend of 5p per share announced in December. This makes a total dividend for the year of 20p per share (2022: 20p).

The average share price during the year was £19.67 (2022: £21.00).

Total shareholders funds are £22,533,000 (2022: £22,795,000).

PRINCIPAL ACTIVITIES AND BUSINESS MODEL

The Group remains focused on our key expertise in Auctioneering, Land and Property, Estate Agency, Insurance Broking, Printing, Signage, Graphic Design, Web Development and Digital Marketing, all with a focus on the farming and rural economy.

The principal activities of the Group during the year were as follows:

H&H Group plc – holding Company.

Harrison & Hetherington – farmstock auctioneers, brokers and valuers.

H&H Land and Estates – chartered surveyors, land agents, valuers, environment & forestry, quota brokers, residential sales and letting agents.

H&H Insurance Brokers – insurance brokers, asset finance and wealth management

H&H Reeds – print, signage, graphic designers, website development and hosting and digital marketing.

Our mission is to add value to and help protect the economies we serve. In fulfilling this, we aim to be a group of dynamic, exciting and progressive companies, striving to be the very best in our field, built on the foundation of the Number One livestock marketing business in the UK. To realise this mission, the Groups strategy embraces a number of business objectives:

- to deliver quality, innovative and value for money products and services to our customers
- to achieve consistent and profitable growth
- to maximise operational efficiency
- to exceed the expectations of our customers
- to provide challenging and rewarding employment
- to secure a healthy and safe working environment

BUSINESS REVIEW AND RESULTS

GROUP

Purely in the context of the parent company, the Group receives income by way of both external and internal rent and Group Service charges. In respect of expenditure, Group carries a number of costs, such as insurance and pension contributions, which are not readily attributable to a specific company as well as overseeing the management and accounting functions of the individual businesses and their development.

HARRISON & HETHERINGTON

It has been another successful year for this team, proving again that they can consistently deliver the best service and value to our loyal customers. This business continues to grow its footprint and market share and establish itself as the clear market leader, both in terms of size but more importantly the depth of experience we can bring to bear.

The senior management team noted in last years report, is now well established and making a tangible difference to the operations of the business, as they grow from strength to strength.

H&H INSURANCE BROKERS

Another strong and consistent year from this team, enjoying growth built on solid foundations. This, together with the successful Tynedale acquisition, has spurred further investment in its people and expansion of the team. In addition to Cumbria and the Northeast, we now cover North Yorkshire and the south of Scotland, with strong hires joining this established team.

Our suite of financial products and services we can offer, through careful strategic partnerships, ensures we can differentiate ourselves from our competitors.

H&H LAND & ESTATES

Once again, our land agency team have pulled out another strong performance. This is in the face of a drastically changing financial landscape and priorities set by our government, creating huge uncertainty in the sector. This negatively impacted the volume of farm sales and investments farmers were willing to make. Hence, whilst we managed to grow our top line, it could not be translated to the bottom line where we achieved our expected target but fell back on last year's exceptional result.

However, this uncertainty creates opportunity across this business as we look to add value to our customers livelihoods. More specifically, our Environment and Forestry Team are ideally placed to advise around the increasingly complex schemes.

The housing market did nothing to help our estate agency business, with dampened confidence and lack of stock coming to the market across the UK. We were not immune to this but, with the exception of one location, managed to hold our own against the competition.

Unfortunately, this was not enough to avoid making substantial losses again. To address this, significant structural changes have been implemented, reducing our cost base and making us more robust during these difficult times.

Finally, within this company, our lettings team suffered people changes, which, despite continuing to grow, resulted in a slight fall in its profitability.

H&H REEDS

Despite enjoying an uplift in activity, this business has struggled to turn this into a positive contribution to the Group. There are mixed results across this business. Print achieved its expected budgeted turnover but could not maintain the historic margin as paper price increases were difficult to pass on. Signs growth faltered as it lost a little off top line but maintained its margin. And Digital showed small signs of growth, maintained its margin, however, with not enough volume coming through to cover its overheads.

Overall, the business finished with a small operating loss.

FUTURE DEVELOPMENTS

OUR PEOPLE

We have continued to invest in and develop our people across the Group with bespoke training and development opportunities for all our senior staff. As well as recruitment of experienced staff, the Group has a reputation for developing young staff through apprenticeships and we continue to build on this across all the businesses. It is particularly pleasing to see the apprentices continue to move into more responsible positions within the operating companies.

The values and behaviours model developed over the past few years is now embedded into the business with our people being managed and held accountable to its ethos. This creates the right culture within the business as we continue to strengthen and grow our H&H family.

Succession is always a key risk, however, with the above-mentioned investment, continual mentoring and key strategic hires, this is now largely addressed across the Group.

GENERAL

The board always looks at opportunities to develop, enhance and grow the H&H brand.

We will continue to invest and grow both organically and through future acquisitions where they add value to the Group.

We are also looking to increase our investment into reducing our carbon footprint as we review recent carbon audits across the Group and investigate greener energy solutions.

Once again there is no good news to report regarding obtaining planning at Newtown St Boswells. Scottish Borders Council continue to be unable or unwilling to finalise the legal documents that accompany planning permissions. As we pass two and a half years since permission was obtained, we have been stopped from making any forward progress with additional hurdles recently put in place which we continue to dutifully clear. This needs to reach a conclusion one way or another in the near future.

INVESTMENT PROPERTY

Dempsey Way at Rosehill continues to perform well, delivering returns into the Group after servicing of its debt albeit reduced as a result of the recent interest rate rises.

We have recently closed two consecutive deals regarding our land interests at Riccarton. The smaller parcel adjacent to Herriot Watt University has been sold, subject to planning to a reputable student housing developer. They have a limited time frame with which to obtain permission and commence construction otherwise the land reverts back to us.

We have entered into an option agreement with a large housing developer for a reasonable fee for the larger portion of the site. This is now at their risk and cost to work with the relevant authorities to obtain planning permission.

KEY PERFORMANCE INDICATORS

Measurement of performance against strategy and the achievement of business objectives are by means of key performance indicators. Actual performance against key performance indicators for the twelve months to June 2023 is shown below, together with that for 2022 for comparative purposes:

	2023	2022
• Turnover growth	10.2%	17.2%
• Return on sales	9.9%	10.3%
• Earnings per share	98p	126p
• Return on capital employed	8.4%	8.2%
• Gross interest cover	3.0x	5.5x
• Gearing	48%	64%

PRINCIPAL RISKS AND UNCERTAINTIES

As with any business the Group is not immune to risks and uncertainties; whilst few risks can be eliminated in their entirety, the executive meets regularly with the individual businesses to maintain and review a full set of management procedures aimed at minimising the probability and the severity of specific risks which could impact upon our operating companies.

GENERAL ECONOMY

As inflation hits highs not seen for over a generation and interest rates rise from their unusually long period at record lows, this brings about significant financial pressures. These are borne out in the well documented increase in energy costs, significant wage inflation pressure and increased cost of borrowing from our bank.

In response the directors are reviewing working practices, ensuring they are both efficient and effective whilst taking account of the cost pressures approaching. Whilst our relationship with our bankers remains strong we are actively exploring ways to reduce our working capital position and therefore exposure to further interest rate hikes.

TRADING

Across the Group one of the principal risks would be a decrease in the number of customers using our services and buying our products which, in turn, would have an adverse effect upon turnover and profitability. However, as part of our risk management procedures, there are measures in place designed to ensure that existing customers are retained, and new customers gained.

HEALTH & SAFETY

We have appointed a new Health, Safety & Welfare Manager to ensure compliance and provision of a safe and secure working environment for all staff and customers remains a high priority. Working in conjunction with our senior people, safe working practices are identified and implemented to reduce the risks associated with running a business of this nature.

OTHER

Other risks which can be singled out are bad debt within our Farmstock business where credit control and procedures are continually reviewed and tightened, the possibility of an outbreak of a virulent animal disease and the resultant consequences upon our farmstock business, and the failure of IT systems generally. FCA rules also continue to place a heavy requirement upon our insurance brokerage operation, however, we work diligently to remain compliant and also use third party consultancy support.

STATEMENT BY THE DIRECTORS RELATING TO THEIR STATUTORY DUTIES UNDER SECTION 172 (1) OF THE COMPANIES ACT 2006

The directors act in the way they consider, in good faith, would be most likely to promote the success of the group for the long term benefit of its shareholders and in doing so have regard to the:

- Likely consequences of any decisions in the long term
- Interests of the group's employees
- Need to foster the group's business relationships with suppliers, customers and others
- Impact of the group's operations on the community and environment
- Desirability of the group maintaining a reputation for high standards of business conduct
- Need to act fairly as between members of the group.

EMPLOYEES

The overriding objective set by the group is to secure the longevity of the business for the benefit of the employees. In addition, the health, safety, wellbeing and development of our employees are prime considerations in the way we operate, and we have training, processes, and support packages to assist in this regard. Information on business performance, recent developments, and prospects is regularly communicated via company bulletins and regular team meetings.

BUSINESS RELATIONSHIPS

The group has strong, longstanding customer and client relationships, based upon the quality of delivery, and providing expertise at every stage of the transaction.

ENVIRONMENT

The board believes that sustainability is an essential business practice. Our Environmental Policy has been updated and is being implemented throughout the Group Companies. Within our printing business, H&H Reeds, we continue to be ISO 14001 accredited which is an internationally recognised EMS standard. We comply with all the criteria required to attain and exceed that standard and have been nominated as a finalist in the in-Cumbria Awards for the best Green/Ethical business. We are part of a scheme operating in conjunction with the Woodland Trust to ensure that our paper requirements are a carbon positive process through the planting of natural deciduous woodland in the UK.

The group's energy use and associated carbon emissions during the year were as follows:

- The annual quantity of emissions, in tonnes of carbon dioxide, resulting from activities involving the combustion of gas or the consumption of fuel for the purposes of transport was 270 tonnes;
- The annual quantity of emissions, in tonnes of carbon dioxide, resulting from the purchase of electricity by the group for its own use, including for the purposes of transport was 204 tonnes; in addition the group saved 7 tonnes due to electricity generated by solar panels.
- The annual quantity of emissions, in tonnes of carbon dioxide, resulting from the purchase of biomass wood pellets by the group for its own use, was 5 tonnes, a saving of 77 tonnes for the equivalent kWh of gas.
- The annual amount of energy consumed from activities for which the group is responsible involving the combustion of gas, the consumption of fuel for the purposes of transport and the annual quantity of energy consumed resulting from the purchase of electricity was 2,522,092kWh; and
- The intensity ratio tonnes CO₂e per employee was 1.39.

QUANTIFICATION AND REPORTING METHODOLOGY

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government Conversion Factors for Company Reporting.

INTENSITY MEASUREMENT

The chosen intensity measurement ration is total gross emissions in metric tonnes CO₂e per employee.

This report was approved by the board on 2nd October 2023 and signed on its behalf by:

Richard A Rankin
Chief Executive

The directors present their report and the financial statements for the year ended 30 June 2023.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,058,000 (2022 - £1,358,000).

The directors have proposed a final ordinary dividend of 15p per share in respect of the current financial year. This has not been included within creditors as it was not approved before the year end.

Dividends paid during the year comprise a final dividend of 15p per share in respect of the previous year ended 30 June 2022.

DIRECTORS

The directors who served during the year and their interests in the Group's issued share capital were:

Ordinary shares of £1 each in H&H Group plc

	At 30 June 2023	At 30 June 2022
W B Hamilton	2,230	1,392
N R Hannah	250	250
J M Leveson	250	250
A L Mallinson	300	250
T H Mounsey-Heysham	600	400
C J Norman	250	-
R S Pattinson	258	258
R A Rankin	675	575
M L Scott	6,300	6,300
D M Harrison (resigned 11 November 2022)	-	-
Trustee shareholdings	212,872	212,372

According to the register of directors' interests, no right to subscribe for shares in or debentures of Group companies was granted to any of the directors or their immediate families, or exercised by them, during the financial year.

EMPLOYEES TRUST FUND

M L Scott, A L Mallinson and R S Pattinson were trustees of the Employees Trust Fund throughout the year.

BOARD COMMITTEES

- The members of the Audit & Risk Committee are A L Mallinson, N R Hannah and J M Leveson. All members are non-executive directors. Their terms of reference include the review of the Annual and Interim Report and Accounts issued to shareholders, the accounting policies of the Group, compliance with Financial Reporting Standards, internal controls and the planning, scope and conclusions of the external auditor's programme.

2. The Remuneration Committee is chaired by W B Hamilton. The remaining members of the Committee are J M Leveson, T Mounsey-Heysham, C Norman and M L Scott. All members are non-executive directors. Their duties are to review and recommend the basic salary, benefits in kind, terms and conditions of employment including performance related payments and pension benefits of executive directors and senior executives.
3. Due to the size of the board, the Nomination Committee comprises the entire board.

POLITICAL CONTRIBUTIONS

The group made no political contributions during the year (2022: Enil).

EMPLOYEE INVOLVEMENT

The group is committed to the development of employee consultation and thereby to the greater involvement of employees in the group's operations. Consultation is achieved both on a formal basis in conjunction with works committees and through informal briefing sessions with groups of employees.

EMPLOYEES

It is the group's policy to work towards true equality of opportunity for employees and applicants for employment regardless of race, nationality, ethnic origin, religion, gender, sexual orientation or marital status. Applications for employment by disabled persons are always fully and fairly considered, having regards to the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and the appropriate training is arranged.

MATTERS COVERED IN THE STRATEGIC REPORT

The following information, which would otherwise be disclosed in the director's report is instead disclosed in the strategic report, as permitted by section 414c(11) of the Companies Act 2006:

- future developments
- financial risk management objectives and policies

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the group since the year end.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

CORPORATE GOVERNANCE

Although not obligatory the group operates within the spirit of the Code of Best Practice set out in the UK Corporate Governance Code. The board remains committed to the principles of good corporate governance and to achieving high standards of business integrity and professionalism across the group. Compliance with the Code has also taken into account the needs and resources of the group.

THE BOARD AND DIRECTORS

At the date of this report the board had nine members: the non-executive chairman, seven non-executive directors and the chief executive. No individual or group of individuals dominates the board's decision making and collectively, the non-executive directors bring a wide range of experience and expertise as they all currently occupy substantive positions in commercial and public life.

The roles of the chairman and chief executive are clearly defined; the chairman is responsible for ensuring that the board fulfils its responsibilities to develop the strategy and direction of the business and for providing overall leadership, he is also responsible for chairing the board meetings, the annual general meeting and the nomination committee. The chief executive is responsible for the day to day running of the operations, and with the support of the group executive management team, for implementing the board's strategy.

The board met six times during the year, it has a formal schedule of matters specifically reserved to it for decision, including corporate strategy, approval of budgets and ongoing financial results, new board appointments, proposal for dividend payments and capital expenditure projects. Directors are sent a pack of board papers prior to each board meeting and with access to the chief executive and company secretary are therefore provided with full and timely access to all relevant information ensuring effective leadership and control of the group for the benefit of shareholders, customers and staff.

The Articles of Association of the group require that non executive directors present themselves for re election at intervals of no more than three years.

INTERNAL CONTROL

The directors acknowledge their responsibility for the system of internal control and the management of all forms of business risk which continues to be an important factor in the protection of value for our shareholders. Any system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against failing to achieve objectives or material misstatement or loss.

The board delegates risk assessment and the identification of mitigating action to the individual operating company management teams with the assistance of the group accountant. A wide range of corporate policies deal, amongst other things, with corporate governance, management accounting, financial reporting, environment and social responsibility, health and safety, information technology, and risk management generally. In addition, the individual operating company boards provide monthly reports on performance and engage in regular dialogue with the chief executive on progress.

Key business risks are identified and evaluated and the effectiveness of financial controls and processes is monitored. Any changes in the status and control of risks are notified to the board.

The audit committee reviews the adequacy of internal financial controls and deals with matters raised by external auditors and reports to the board accordingly. The external auditors have the opportunity for direct access to the committee without the executive directors being present.

The health and safety of our staff, customers and visitors remain of utmost importance and our appointed safety, fire and first aid officers, are provided with training, access to appropriate equipment and opportunities to discuss their roles beyond legislative requirements.

Compliance with the requirements of the Financial Conduct Authority, the Department for Business Innovation and Skills and various other professional and regulatory bodies complements the existing internal control systems across the group.

RELATIONS WITH SHAREHOLDERS

The board values the opinions of shareholders and as such, encourages the occasion of the Annual General Meeting as an opportunity for individual shareholders to share their views.

This report was approved by the board on 2 October 2023 and signed on its behalf by:

Margaret Irving
Company Secretary

The directors are responsible for preparing the Group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

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

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

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

Independent Auditor's Report to the Members of H&H Group plc



OPINION

We have audited the financial statements of H&H Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023, which comprise the Group profit and loss account, the Group statement of comprehensive income, the Group and Company balance sheets, the Group statement of cash flows, the Group and Company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the '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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Group 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:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the group's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.

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.

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

USE OF OUR REPORT

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

Michael Morris FCA FCCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor

Chartered Accountants
Newcastle upon Tyne

Date: 2 October 2023

Consolidated Profit and Loss Account

Year ended 30 June 2023

	Note	2023 £000	2022 £000
Turnover			
Administrative expenses	5	18,971	17,221
Other operating income		(17,230)	(15,824)
	6	139	384
Operating profit	7	1,880	1,781
Interest receivable and similar income		163	53
Interest payable and similar expenses	11	(631)	(325)
Profit before taxation		1,412	1,509
Tax on profit	12	(354)	(151)
Profit for the financial year		1,058	1,358

The notes on pages 28 to 52 form part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 30 June 2023

	Note	2023 £000	2022 £000
Profit for the financial year		1,058	1,358
Other comprehensive income			
Actuarial (loss)/gain on defined benefit schemes	27	(1,645)	361
Movement on deferred tax relating to pension gains/(losses)	24	411	(90)
Other comprehensive (loss)/income for the year		(1,234)	271
Total comprehensive (loss)/income for the year		(176)	1,629

The notes on pages 28 to 52 form part of these financial statements.

Consolidated Balance Sheet

At 30 June 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	14	783	983
Tangible assets	15	14,816	14,810
Investments	16	5	5
Investment property	17	10,186	10,186
		25,790	25,984
Current assets			
Stocks	18	226	223
Debtors	19	16,065	15,667
		16,291	15,890
Creditors: amounts falling due within one year	20	(15,207)	(15,385)
Net current assets		1,084	505
Total assets less current liabilities		26,874	26,489
Creditors: amounts falling due after more than one year	21	(4,369)	(4,815)
Provisions for liabilities			
Deferred tax	24	(1,295)	(1,568)
Pension asset	27	1,323	2,689
Net assets		22,533	22,795
Capital and reserves			
Called up share capital	25	1,082	1,078
Other reserves	26	928	866
Revaluation reserve	26	4,697	4,697
Profit and loss account	26	15,826	16,154
Total equity		22,533	22,795

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 October 2023.

Richard A Rankin
Chief Executive

Michael L Scott
Chairman

The notes on pages 28 to 52 form part of these financial statements.

Company Balance Sheet

At 30 June 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	14	29	39
Tangible assets		11,023	10,900
Investments	16	10,325	10,729
Investment property	17	6,416	6,416
		27,793	28,084
Current assets			
Debtors	19	4,144	3,665
		4,144	3,665
Creditors: amounts falling due within one year	20	(15,620)	(14,770)
Net current liabilities		(11,476)	(11,105)
Total assets less current liabilities		16,317	16,979
Creditors: amounts falling due after more than one year	21	(4,369)	(4,800)
Provisions for liabilities			
Deferred taxation	24	(517)	(902)
Pension asset	27	1,323	2,689
Net assets		12,754	13,966
Capital and reserves			
Called up share capital	25	1,082	1,078
Other reserves	26	928	866
Revaluation reserve	26	796	796
Profit and loss account brought forward		11,226	11,097
Profit for the year		108	74
Other changes in the profit and loss account		(1,386)	55
Profit and loss account carried forward		9,948	11,226
Total equity		12,754	13,966

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 October 2023.

Richard A Rankin
Chief Executive

Michael L Scott
Chairman

Company registered number: 00036006

The notes on pages 28 to 52 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 June 2023

	Called up share capital	Other reserves	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2021	1,078	866	4,697	14,741	21,382
Comprehensive income for the year					
Profit for the year	-	-	-	1,358	1,358
Actuarial gains on pension scheme, net of deferred tax	-	-	-	271	271
Other comprehensive income for the year	-	-	-	271	271
Total comprehensive income for the year	-	-	-	1,629	1,629
Dividends	-	-	-	(216)	(216)
At 1 July 2022	1,078	866	4,697	16,154	22,795
Comprehensive income for the year					
Profit for the year	-	-	-	1,058	1,058
Actuarial losses on pension scheme, net of deferred tax	-	-	-	(1,234)	(1,234)
Other comprehensive income for the year	-	-	-	(1,234)	(1,234)
Total comprehensive income for the year	-	-	-	(176)	(176)
Dividends	-	-	-	(152)	(152)
Shares issued during the year	4	62	-	-	66
At 30 June 2023	1,082	928	4,697	15,826	22,533

The notes on pages 28 to 52 form part of these financial statements.

Company Statement of Changes in Equity

Year ended 30 June 2023

	Called up share capital	Other reserves	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2021	1,078	866	796	11,097	13,837
Comprehensive income for the year					
Profit for the year	-	-	-	74	74
Actuarial gains on pension scheme, net of deferred tax	-	-	-	271	271
Other comprehensive income for the year	-	-	-	271	271
Total comprehensive income for the year	-	-	-	345	345
Dividends	-	-	-	(216)	(216)
Total transactions with owners	-	-	-	(216)	(216)
At 1 July 2022	1,078	866	796	11,226	13,966
Comprehensive income for the year					
Profit for the year	-	-	-	108	108
Actuarial losses on pension scheme, net of deferred tax	-	-	-	(1,234)	(1,234)
Other comprehensive income for the year				(1,234)	(1,234)
Total comprehensive income for the year	-	-	-	(1,126)	(1,126)
Dividends	-	-	-	(152)	(152)
Shares issued during the year	4	62	-	-	66
Total transactions with owners	4	62	-	(152)	(86)
At 30 June 2023	1,082	928	796	9,948	12,754

The notes on pages 28 to 52 form part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 30 June 2023

Note	2023 £000	2022 £000
Cash flows from operating activities		
Profit for the financial year	1,058	1,358
Adjustments for:		
Amortisation of intangible assets	204	265
Depreciation of tangible assets	488	497
Impairments of fixed assets	-	81
Loss/(profit) on disposal of tangible assets	(91)	(59)
Interest paid	631	325
Interest received	(163)	(53)
Taxation charge	354	151
(Increase)/decrease in stocks	(3)	137
Increase in debtors	(398)	(2,927)
Increase in creditors	3,176	1,149
Corporation tax (paid)	(276)	(177)
Contribution to defined benefit pension scheme	(279)	(167)
Net cash generated from operating activities	4,701	580
Cash flows from investing activities		
Purchase of intangible fixed assets	(4)	(607)
Purchase of tangible fixed assets	(784)	(629)
Sale of tangible fixed assets	381	-
Interest received	163	53
Net cash from investing activities	(244)	(1,183)
Cash flows from financing activities		
Issue of ordinary shares	66	-
Repayment of loans	(347)	(338)
Repayment of other loans	-	(1,500)
Repayment of/new finance leases	(18)	(18)
Dividends paid	(153)	(216)
Interest paid	(631)	(325)
Net cash used in financing activities	(1,083)	(2,397)
Net increase/(decrease) in cash and cash equivalents	3,374	(3,000)
Cash and cash equivalents at beginning of year	(10,218)	(7,218)
Cash and cash equivalents at the end of year	(6,844)	(10,218)
Cash and cash equivalents at the end of year comprise:		
Bank overdrafts	(6,844)	(10,218)
	(6,844)	(10,218)

Consolidated Analysis of Net Debt

Year ended 30 June 2023

	At 1 July 2022 £000	Cash flows £000	Other non- cash changes £000	At 30 June 2023 £000
Bank overdrafts	(10,218)	3,374	-	(6,844)
Debt due after 1 year	(4,045)	-	360	(3,685)
Debt due within 1 year	(347)	(13)	-	(360)
Finance leases	(33)	18	-	(15)
	<u>(14,643)</u>	<u>3,379</u>	<u>360</u>	<u>(10,904)</u>

The notes on pages 28 to 52 form part of these financial statements.

1 GENERAL INFORMATION

H&H Group plc ('the company') is a company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of these financial statements. The nature of the company's and its groups operations and principal activities are set out in the group strategic report on page 8.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, *'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'* ('FRS 102') and the Companies Act 2006.

3. ACCOUNTING POLICIES

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

3.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements comprise the consolidated (group) financial statements and the company's separate financial statements. However, as permitted by section 408 of the Companies Act 2006, the separate profit and loss account of the company is not presented.

The financial statements are prepared on a going concern basis and under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value. They are presented in pounds sterling, which is the functional currency of the company.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the group's and the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 BASIS OF CONSOLIDATION

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

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

In the parent company financial statements investments in subsidiaries are stated at cost less impairment.

3.3 GOING CONCERN

The group meets its day to day working capital requirements through an overdraft facility and various bank facilities. The bank facilities were renewed in September 2023 and having reviewed these facilities and the group's forecasts and projections, which take account of reasonably possible changes in trading performance, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, they continue to adopt the going concern basis in preparing the financial statements.

3.4 REVENUE

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services (including lease finance - see above) to third party customers. Where the group acts as sales agent (for example in the marts, auction rooms and estate agency businesses) turnover represents the commission earned only.

3.5 EMPLOYEE BENEFITS

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

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

Defined benefit pension plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan asset is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the profit or loss.

Remeasurements of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Share based payments

The company provides share-based payment arrangements to certain employees. Equity settled arrangements are measured at fair value at the date of the grant. To the extent material, the fair value (excluding the effect of non-market based vesting conditions) is expensed on a straight line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that are expected to vest.

Where equity-settled share based payments are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to the date of vesting. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the profit and loss account.

The company has no cash-settled arrangements.

3.6 OPERATING LEASES: THE GROUP AS A LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

3.7 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

3.8 CURRENT AND DEFERRED TAXATION

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of 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 arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax. 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.

3.9 INTANGIBLE FIXED ASSETS

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose. Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value.

Other intangible fixed assets

Other intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on assets so as to write off the cost of each asset over its estimated useful life as follows:

Brand	- 10 years straight line
Computer software	- 5 years straight line

Useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.10 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is not charged on freehold land or assets under construction. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 50 years straight line
Leasehold improvements	- life of lease
Motor vehicles	- 4 years straight line
Office equipment	- 5 years straight line
Computer equipment	- 3 years straight line
Plant and equipment	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance

Asset residual values and useful lives are reviewed at the end of each reporting period, adjusted if appropriate. The effect of any change is accounted for prospectively.

Revaluation

Freehold land and buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve. However, the increase is recognised in profit or loss to the extent that it revises a revaluation decrease previously recognised in the profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase in accumulated equity, in respect of that asset. Any excess is recognised in profit or loss.

3.11 INVESTMENT PROPERTY

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

3.12 STOCKS

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

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

3.13 FINANCIAL INSTRUMENTS

Basic debt financial instruments

The group's basic debt financial instruments, including cash and bank balances and trade, intercompany and other debtors and creditors, are all due within one year and are measured, initially, and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

3.14 LEASED ASSETS

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

3.15 IMPAIRMENT OF FIXED ASSETS AND GOODWILL

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3.16 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3.17 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting.

4 JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Significant judgments in applying the entity's accounting policies

No significant judgments were required in the process of applying the group's accounting policies for these financial statements.

Key sources of estimation uncertainty

Useful lives of fixed assets - The annual depreciation and amortisation charges for tangible and intangible fixed assets is sensitive to changes in the estimated useful lives and the residual values of the assets, which are re-assessed annually and amended to reflect current estimates. There have been no changes in the estimation bases during the current reporting period.

Recoverability of trade debtors - An assessment as to the ability of the group to recover trade debtors is made at each financial period end. A provision is made for any amounts that are not considered to be recoverable. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgment based on knowledge of the customer and the level of uncertainty as to whether the customer has sufficient funds to pay these amounts.

Valuation of WIP - An assessment as to the ability of the group to recover the value of WIP for above its carrying value is made at each financial period end. The provision levels are considered and adjusted as necessary to account for any amounts that are not considered to be recoverable. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgment based on knowledge of the WIP held and relationship with the client.

Valuation and classification of land & buildings - The group holds significant value in land and buildings. In line with accounting policies set out in note 3 land and buildings are classified as either investment properties or property, plant and equipment based on both current usage and the directors planned usage in the future. The use of each element of land and buildings also impacts the assessment of fair value in line with the assumptions in note 15. The valuation of land and buildings was performed by an independent valuer and is based on the condition of assets as at 30 June 2021. These valuations include significant estimates on the likelihood of favourable outcomes on planning applications. An assessment of the valuation based on the market conditions and the condition of the land & buildings has been undertaken by the directors at 30 June 2023, with no changes to the valuation deemed required.

5. ANALYSIS OF TURNOVER

	2023 £000	2022 £000
H&H Group Limited	368	199
Harrison & Hetherington Limited	10,355	9,677
H&H Land & Estates Limited	3,449	3,273
H&H Insurance Brokers Limited	1,997	1,749
H&H Reeds Printers Limited*	2,393	2,109
Tynedale Insurance Services Limited	409	214
	18,971	17,221

* All turnover is generated from services with the exception of H&H Reeds Limited whose turnover relates to the provision of goods. Turnover above is shown after the elimination of intragroup transactions.

6. OTHER OPERATING INCOME

	2023 £000	2022 £000
Other operating income	134	306
Government grants receivable	-	19
Profit on disposal of tangible assets	5	59
	139	384

7. OPERATING PROFIT

The operating profit is stated after charging:

	2023 £000	2022 £000
Depreciation of tangible fixed assets	488	497
Amortisation of goodwill	168	224
Amortisation of intangible fixed assets	36	41
Rentals payable for the hire of assets under operating leases	105	118

8. AUDITOR'S REMUNERATION

	2023 £000	2022 £000
Audit of these financial statements	7	6
Fees payable to the Group's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries	31	26

9. EMPLOYEES

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

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Wages and salaries	8,247	7,580	542	519
Social security costs	789	735	68	65
Other pension cost (note 27)	592	256	65	19
	9,628	8,571	675	603

All employment contracts rest with H&H Group plc, the parent company with payroll costs recharged to trading subsidiaries as appropriate.

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

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Management	11	13	11	13
Professional	20	23	20	23
Sales	57	57	57	57
Administration	81	74	81	74
Operations	60	50	60	50
	229	217	229	217

In addition, 111 (2022: 107) part time staff were employed.

10. DIRECTORS' REMUNERATION

	2023 £000	2022 £000
Directors' emoluments	186	189
Company contributions to defined contribution pension schemes	21	5
Amounts paid to third parties in respect of directors' services	95	72
	302	266

During the year retirement benefits were accruing to 1 director (2022 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £186,000 (2022: £189,000).

The value of the company's contributions to a defined contribution pension scheme in respect of the highest paid director amounted to £23,000 (2022: £5,000).

11. INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £000	2022 £000
On bank overdrafts	364	135
On bank loans	241	188
On hire purchase agreements	2	2
Net interest on net defined benefit liabilities (see note 27)	24	-
	631	325

12. TAXATION

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	216	271
Adjustments in respect of previous periods	-	(3)
	216	268
Total current tax		
Deferred tax		
Origination and reversal of timing differences	138	52
Adjustments in respect of previous periods	-	(169)
	138	(117)
Total deferred tax		
Taxation on profit on ordinary activities	354	151

12. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 20.5% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	1,412	1,509
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	289	287
Effects of:		
Non-deductible expenses	54	66
Adjustments to tax charge in respect of prior periods	-	(172)
Other	11	(30)
Total tax charge for the year	354	151

13. DIVIDENDS

	2023 £000	2022 £000
Dividends on ordinary share capital	152	216

14. INTANGIBLE ASSETS

Group

	Patents £000	Brand £000	Computer Software £000	Goodwill £000	Total £000
Cost					
At 1 July 2022	5	63	448	7,168	7,684
Additions	-	-	4	-	4
At 30 June 2023	5	63	452	7,168	7,688
Amortisation					
At 1 July 2022	5	40	344	6,312	6,701
Charge for the year	-	6	30	168	204
At 30 June 2023	5	46	374	6,480	6,905
Net book value					
At 30 June 2023	-	17	78	688	783
At 30 June 2022	-	23	104	856	983

Company

	Computer Software £000	Goodwill £000	Total £000
Cost			
At 1 July 2022	81	109	190
At 30 June 2023	81	109	190
Amortisation			
At 1 July 2022	42	109	151
Charge for the year	10	-	10
At 30 June 2023	52	109	161
Net book value			
At 30 June 2023	29	-	29
At 30 June 2022	39	-	39

15. TANGIBLE FIXED ASSETS

Group

	Freehold Property £000	Motor Vehicles £000	Plant Fittings & Computers £000	Total £000
Cost or valuation				
At 1 July 2022	13,898	884	4,117	18,899
Additions	119	292	373	784
Disposals	(233)	(122)	(331)	(686)
At 30 June 2023	13,784	1,054	4,159	18,997
Depreciation				
At 1 July 2022	599	603	2,887	4,089
Charge for the year	80	115	293	488
Disposals	-	(99)	(297)	(396)
At 30 June 2023	679	619	2,883	4,181
Net book value				
At 30 June 2023	13,105	435	1,276	14,816
At 30 June 2022	13,299	281	1,230	14,810

At 30 June 2021, the freehold land and buildings were valued by external valuers (Hyde Harrington Limited).

The fair value was measured using RICS Professional Standards, January 2014. Key assumptions of this calculation are shown below:

Fair value has been assessed on the following basis:

- Operational, non-specialised properties to existing value;
- Operational, specialised properties to depreciated replacement cost;
- Surplus properties or those held for investment at market value.

The historical cost net book value is £8,493,000 (2022: £8,713,000).

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £000	2022 £000
Plant and machinery	64	71

15. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold Property £000	Plant Fittings & Computers £000	Total £000
Cost or valuation			
At 1 July 2022	10,803	1,043	11,846
Additions	119	120	239
Disposals	-	(55)	(55)
At 30 June 2023	10,922	1,108	12,030
Depreciation			
At 1 July 2022	117	829	946
Charge for the year	23	59	82
Disposals	-	(21)	(21)
At 30 June 2023	140	867	1,007
Net book value			
At 30 June 2023	10,782	241	11,023
At 30 June 2022	10,686	214	10,900

16. FIXED ASSET INVESTMENTS

Group

	Investments in associates £000
Cost and net book value	
At 1 July 2022	5
At 30 June 2023	5

16. FIXED ASSET INVESTMENTS (continued)

Company

	Investments in Subsidiary Companies £000	Investments in associates £000	Total £000
Cost or valuation			
At 1 July 2022	12,619	5	12,624
At 30 June 2023	12,619	5	12,624
Impairment			
At 1 July 2022	1,895	-	1,895
Charge for the period	404	-	404
At 30 June 2023	2,299	-	2,299
Net book value			
At 30 June 2023	10,320	5	10,325
At 30 June 2022	10,724	5	10,729

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Harrison & Hetherington Limited	Auctioneering	Ordinary	100%
H&H Finance Limited	Dormant	Ordinary	100%
H&H Land & Estates Limited	Estate and land agency	Ordinary	100%
Harrison & Hetherington (Scotland) Limited	Dormant	Ordinary	100%
H&H Borderway Limited	Dormant	Ordinary	100%
A&D Printers Limited	Dormant	Ordinary	100%
H&H Reeds Limited*	Printing, signage and web design	Ordinary	100%
H&H Insurance Brokers Limited	Insurance broker	Ordinary	100%
John Swan & Sons Limited**	Dormant	Ordinary	100%
H&H Dotcom Limited	Dormant	Ordinary	100%
Tynedale Insurance Services Limited***	Insurance broker	Ordinary	100%
John Swan Limited	Dormant	Ordinary	100%

* Held indirectly through ownership of A&D Printers Limited

** Held indirectly through ownership of John Swan Limited

*** Held indirectly through ownership of H&H Insurance Brokers Limited

All subsidiaries have the same registered address as H&H Group plc, which is shown on the company information page except for;

Harrison & Hetherington (Scotland) Limited - Sydney Place Mart, Lockerbie, Dumfriesshire, DG11 2JA.

John Swan & Sons Limited and John Swan Limited - Auction Mart, Newtown St Boswells, Melrose, Roxburghshire, TD6 0PP.

17. INVESTMENT PROPERTY

Group

	Freehold Investment Property £000
Valuation	
At 1 July 2022	10,186
At 30 June 2023	10,186

The investment property were valued by external valuers (Hyde Harrington Limited) at 30 June 2021. An assessment of the valuation based on the market conditions and the condition of the land & buildings has been undertaken by the directors at 30 June 2023, with no changes to the valuation deemed required.

The historic cost net book value is £8,013,000 (2022: £8,013,000).

Company

	Freehold Investment Property £000
Valuation	
At 1 July 2022	6,416
At 30 June 2023	6,416

The investment properties were valued by external valuers (Hyde Harrington Limited) at 30 June 2021. An assessment of the valuation based on the market conditions and the condition of the land & buildings has been undertaken by the directors at 30 June 2023, with no changes to the valuation deemed required.

The historic cost net book value is £6,856,000 (2022: £6,856,000).

18. STOCKS

Group	Group
2023	2022
£000	£000
226	223

Raw materials and consumables

An impairment loss of £nil (2022: £nil) was recognised in operating costs against stock during the year due to slow-moving and obsolete stock. The provision at the year end was £nil (2022: £nil).

19. DEBTORS

	Group	Group	Company	Company
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	14,520	14,226	49	87
Amounts owed by group undertakings	-	-	3,838	3,341
Other debtors	-	-	150	-
Prepayments and accrued income	1,028	942	107	237
Amounts recoverable on long term contracts	517	499	-	-
	16,065	15,667	4,144	3,665

Group trade debtors are stated after provisions for impairment of £1,654,000 (2022: £1,392,000).

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank overdrafts	6,844	10,218	1,828	2,212
Bank loans	360	347	360	347
Trade creditors	5,867	2,262	958	857
Amounts owed to group undertakings	-	-	12,085	10,881
Corporation tax	228	288	-	17
Other taxation and social security	695	664	-	-
Obligations under finance lease and hire purchase contracts	15	18	-	-
Other creditors	-	-	50	-
Accruals and deferred income	1,198	1,588	339	456
	15,207	15,385	15,620	14,770

The bank overdrafts and bank loan are secured by cross guarantees and debentures and charges over certain freehold property and finance assets owned by the group.

At 30 June 2023 the group was holding £1,053,628 (2022: £972,638) on behalf of its clients. This cash balance has been excluded from cash at bank and in hand balance, and has been offset against the associated creditor balance.

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank loans	3,685	4,045	3,685	4,045
Net obligations under finance leases and hire purchase contracts	-	15	-	-
Accruals and deferred income	684	755	684	755
	4,369	4,815	4,369	4,800

Hire purchase liabilities are secured over the assets to which they relate to.

22. LOANS

This note provides information about the contractual terms of the company and groups' interest bearing loans and borrowings, which are measured at amortised cost.

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
<i>Amounts falling due within one year</i>				
Bank loans	360	347	360	347
<i>Amounts falling due 1-2 years</i>				
Bank loans	371	360	371	360
<i>Amounts falling due 2-5 years</i>				
Bank loans	3,314	3,685	3,314	3,685
	4,045	4,392	4,045	4,392

Bank loans comprise a £4.9m term loan refinanced in financial year 2021, repayable by quarterly instalments over 5 years to November 2025 and subject to interest at a fixed rate of 3.2% over the Bank of England base rate.

The loan is secured by fixed and floating charges over the assets of the company and group companies through cross guarantees.

23. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2023 £000	2022 £000
Within one year	15	20
Between 1-5 years	-	14
Less: future finance charges	-	(1)
	15	33

24. DEFERRED TAXATION

Group

	2023	2022
	£000	£000
At beginning of year	(1,568)	(1,595)
Credited/(charged) to profit and loss account	(138)	117
Credited/(charged) to other comprehensive income	411	(90)
At end of year	(1,295)	(1,568)

Company

	2023	2022
	£000	£000
At beginning of year	(902)	(923)
Credited/(charged) to profit and loss account	(26)	111
Credited/(charged) to other comprehensive income	411	(90)
At end of year	(517)	(902)

The provision for deferred taxation is made up as follows:

	Group	Group	Company	Company
	2023	2022	2023	2022
	£000	£000	£000	£000
Accelerated capital allowances	(215)	(159)	(26)	(10)
Employee benefits	(331)	(672)	(331)	(672)
Unused tax losses	45	45	-	15
Other	(794)	(782)	(160)	(235)
	(1,295)	(1,568)	(517)	(902)

25. SHARE CAPITAL

	2023 £000	2022 £000
Allotted, called up and fully paid		
1,081,665 (2022 - 1,078,453) Ordinary shares of £1.00 each	1,082	1,078

3,212 shares were issued during the year in relation to deferred consideration as a result of the acquisition of Tynedale Insurance Services Limited in the previous year.

26. RESERVES

Other reserves

This is a share premium accounts which includes any premium on the issued share capital. Any transactions costs associated with the issue of share capital are reduced from this reserve.

Revaluation Reserve

The revaluation reserve represents the gain on the the revaluation of freehold land and buildings. The gain arising year on year, net of the associate deferred tax provision, has been transferred to this separate reserve. Excess depreciation, net of movements in the associated deferred tax provision, are transferred to/from the revaluation reserve and the profit and loss reserve in the statement of changes in equity.

Profit and loss account

The profit and loss reserve represents cumulative profits and losses, net of dividends paid and other adjustments.

27. PENSION COMMITMENTS

The group operates two defined contribution pension schemes; a self invested plan for executive directors and a group scheme available for employees. The pension cost charge for the period represents contributions payable by the group to the schemes and amounted to £171,000 (2022: £167,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The group also operates two defined benefit pension schemes providing benefits based on final pensionable pay.

Group and company scheme

The Harrison & Hetherington Limited Senior Staff Pension and Assurance Scheme which became paid up with effect from 28 February 2001, i.e. members are earning no further benefits and no further members are being admitted. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 30 June 2023.

The amounts recognised in the balance sheet are as follows:

	2023 £000	2022 £000
Defined benefit obligation	(13,549)	(16,364)
Plan assets	15,116	18,856
Net pension asset	1,567	2,492

Movements in the present value of the defined benefit obligation were as follows:

	2023 £000	2022 £000
Opening defined benefit obligation	16,364	22,598
Interest expense	620	424
Remeasurement: actuarial losses	(2,469)	(6,069)
Benefits paid	(966)	(589)
Closing defined benefit obligation	13,549	16,364

Changes in the fair value of scheme assets were as follows:

	2023 £000	2022 £000
Opening fair value of scheme assets	18,856	25,101
Interest income	717	471
Remeasurement: return on plan assets less interest income	(3,491)	(6,127)
Benefits paid	(966)	(589)
Closing fair value of scheme assets	15,116	18,856

27. PENSION COMMITMENTS (continued)

The amounts recognised in the profit or loss are as follows:

	2023 £000	2022 £000
Net interest on net defined benefit liability	(97)	(47)
Total (credit)/expense recognised in profit and loss account	(97)	(47)

The fair value of the plan assets and the return on those assets were as follows:

	2023 %	2022 %
Insured assets	91	89
Growth	3	6
Matching	6	5
	2023 £000	2022 £000
Actual return on plan assets	(2,774)	(5,656)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2023 %	2022 %
Discount rate	5.10	1.90
Future salary increases	2.30	2.20
Retail prices index	3.00	2.90

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 21.7 years (male), 23.6 years (female)
- Future retiree upon reaching 65: 23.3 years (male), 25.4 years (female)

Group and Company Scheme

The John Swan Limited Retirement Benefits Scheme, previously run by a subsidiary of the company, transferred to the company in the year. The scheme was closed to new members and to future accrual for existing members on 30 April 2012.

The assets of the defined benefit scheme are held separately from those of the company in an independently administered fund. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last full actuarial valuations of this scheme was carried out by a qualified independent actuary as at 30 June 2023.

Notes to the Financial Statements

continued

27. PENSION COMMITMENTS (continued)

The amounts recognised in the balance sheet are as follows:

	2023 £000	2022 £000
Defined benefit obligation	(5,267)	(5,799)
Plan assets	5,023	5,996
Net pension liability	(244)	197

Movements in the present value of the defined benefit obligation were as follows:

	2023 £000	2022 £000
Opening defined benefit obligation	5,799	8,091
Interest expense	223	152
Remeasurement: actuarial losses	(572)	(2,270)
Benefits paid	(183)	(225)
Closing defined benefit obligation	5,267	5,748

Changes in the fair value of scheme assets were as follows:

	2023 £000	2022 £000
Opening fair value of scheme assets	5,996	7,708
Interest income	234	146
Remeasurement: return on plan assets less interest income	(1,195)	(1,851)
Contributions by employer	171	167
Benefits paid	(183)	(225)
Closing fair value of scheme assets	5,023	5,945

The amounts recognised in the profit or loss are as follows:

	2023 £000	2022 £000
Net interest on net defined benefit liability	(11)	6
Total (credit)/expense recognised in the profit and loss account	(11)	6

27. PENSION COMMITMENTS (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2023 %	2022 %
Pooled investment vehicles	90	93
Insurance policies	7	6
Cash and cash deposits	3	1
	2023 £000	2022 £000
Actual return on plan assets	961	1,705

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2023 %	2022 %
Discount rate	5.10	1.90
Retail price inflation	3.00	2.90
Consumer price inflation	2.30	2.20
Pension increases - RPI maximum 5%	2.85	2.80

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 21.7 years (male), 23.6 years (female)
- - Future retiree upon reaching 65: 23.3 years (male), 25.4 years (female)

28. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	Group 2022 £000
Not later than 1 year	187	105
Later than 1 year and not later than 5 years	689	252
Later than 5 years	134	201
	1,010	558

The company had no commitments under the non-cancellable operating leases as at the balance sheet date.

29. CONTINGENT LIABILITIES

At 30 June 2023 the company was party to unlimited cross guarantees with its subsidiary undertakings

The company has given an indemnity for personal guarantees made by the directors of the wholly owned subsidiary H&H Insurance Brokers Limited to insurance companies under certain agency agreements.

30. RELATED PARTIES

The group has a related party relationship with its subsidiaries. Transactions between the company and its subsidiaries have been eliminated on consolidation.

Due to the nature of the group's activities, certain directors and their related business regularly enter into transactions with the group on normal commercial terms.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,062,368 (2022: £1,010,957).

31. CONTROLLING PARTY

In the opinion of the directors there is no controlling party.

The directors make the key decisions within the group on behalf of the shareholders.

The Board of Directors



The Board of Directors
(left to right)

- Steve Pattinson (Non Executive Director)
- Neil Hannah (Non Executive Director)
- Craig Norman (Non Executive Director)
- Lynne Mallinson (Non Executive Director)
- Toby Mounsey-Heysham (Non Executive Director)
- John Leveson (Non Executive Director)
- Michael Scott (Non Executive Chairman)
- Will Hamilton (Non Executive Director)
- Margaret Irving (Company Secretary)
- Richard Rankin (Chief Executive)

A decorative graphic consisting of a grid of colored squares (blue, orange, teal, pink) and a background map of Carlisle, Cumbria. The map shows streets, rivers, and landmarks like Brunstons and Kingstons.

H&H Group

Borderway, Rosehill,
Carlisle, Cumbria CA1 2RS

t 01228 406 330

e info@hhgroupplc.co.uk

hhgroupplc.co.uk

