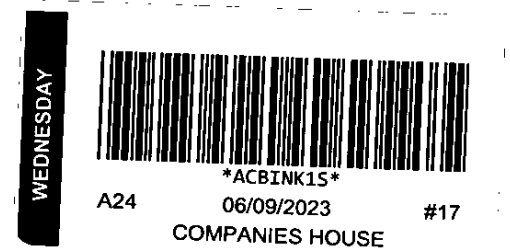


Registered number: 12888160

DH&P HRP HOLDINGS LIMITED

UNAUDITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022



DH&P HRP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S B Patel C M Day N S Lake M J Brockman J A Stockley
Registered number	12888160
Registered office	Unit 1 Radford Industrial Estate Goodhall Street London NW10 6UA

DH&P HRP HOLDINGS LIMITED

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DH&P HRP HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

The Directors present their report and the financial statements for the period ended 31 December 2022.

Directors

The Directors who served during the period were:

S B Patel (appointed 31 March 2022)
C M Day (appointed 31 March 2022)
N S Lake
M J Brockman (appointed 31 March 2022)
J A Stockley

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 August 2023 and signed on its behalf.

C.M Day

C M Day
Director

DH&P HRP HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Other comprehensive income			
Total comprehensive income for the period		-	-

The notes on pages 4 to 9 form part of these financial statements.

DH&P HRP HOLDINGS LIMITED
REGISTERED NUMBER: 12888160

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	5	468	468
		<u>468</u>	<u>468</u>
Current assets			
Debtors	6	1	1
		<u>1</u>	<u>1</u>
Total assets less current liabilities		<u>469</u>	<u>469</u>
Net assets		<u>469</u>	<u>469</u>
Capital and reserves			
Called up share capital		369	369
Retained earnings		100	100
		<u>469</u>	<u>469</u>

For the financial year in question the company was entitled to exemption under section 479a of the companies Act 2006.

- No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

- The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 August 2023.

C M Day

C M Day
Director

The notes on pages 4 to 9 form part of these financial statements.

DH&P HRP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1. General information

DH&P HRP Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Radford Industrial Estate, Goodhall Street, London, NW10 6UA.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The financial statements of the Company are consolidated in the financial statements of Lords Group Trading PLC. The consolidated financial statements of Lords Group Trading PLC are available from its registered office 12-15 Hanger Green, London, England, W5 3EL.

2.3 Going concern

Whilst the Company is in both net current asset and net asset position in the year, it relies on available group funding to meet its obligations as and when they fall due. As a result of this the directors have obtained a letter of support from Lords Group Trading PLC, the ultimate parent company.

Cross guarantees exist between the Company and Lords Group Trading PLC to support the Group's financial arrangements. On this basis the directors of the Company have considered the going concern position of Lords Group Trading PLC as follows:

At 31 December 2022, the Group had £34.4 million of undrawn facilities and £16.0 million of cash. Banking covenants are breached if the last twelve months' adjusted EBITDA / interest (interest ratio) falls below 5 or the last twelve months' net debt / adjusted EBITDA exceeds 2.5. At 31 December 2022, the interest ratio was over 14.5 and the last twelve months' net debt / adjusted EBITDA ratio was 1.6.

DH&P HRP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern (continued)

Accounting standards require that the foreseeable future covers a period of at least twelve months from the date of approval of the financial statements, although they do not specify how far beyond twelve months a board should consider. The Board has considered cash flow facilities out to an extended period coinciding with the expiry of the banking facilities on 21 July 2024. The Group is expected to have at least £24.8 million of headroom over its facilities at all times until 21 July 2024.

The cash flow forecasts have been stress tested by considering the most likely risks impacting the Group. These are considered to be growth below forecast, increased working capital requirements through increased debtors and an increase in interest base rate. The Group's cash flow projections indicate covenants on facilities will not be breached unless, instead of the anticipated growth, the Group's projected EBITDA falls by £3.1 million, or debtors increase by 15.0% above the base model, or the Bank of England base rate increases to 9.5%. While none of these are likely to occur, the Group has mitigating actions at its disposal that it can take in downside scenarios, such as delaying capital expenditure and maintaining a strong credit control function across the Group supported by credit insurance and restructuring the Group to reduce costs. Cash flow forecasts are reforecast in the event of a potential acquisition not already in the forecast. The Group prepares weekly cash flow projections, daily sales flashes and monthly management accounts compared to budget with key performance indicators which together will provide an early warning system to indicate whether any mitigating actions are necessary in any part of the Group.

In all reasonable scenarios the Group is projected to be compliant with its banking covenants and therefore the directors are satisfied that the Group has adequate resources to continue operations for the foreseeable future.

On 5 April 2023 the group has increased its facilities by a further £25m and extended them out until 31 March 2026. The increased and extended facilities have not been considered in the above but will only increase the Group's resilience.

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Group and its subsidiaries have adequate resources to continue in operational existence until at least the next 12 months from the signing of these financial statements.

Accordingly, the directors of the Company continue to adopt the going concern basis in preparing the Company's financial statements.

2.4 Investments

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

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

DH&P HRP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Impairment of investment in subsidiary undertakings

Interests in subsidiary undertakings are assessed for impairment at each reporting date. If an indication of impairment is identified, the company performs an impairment test to assess the recoverable amount of the subsidiary. An impairment loss is recognised for the amount by which the subsidiary undertaking's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of the subsidiary undertaking's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the subsidiary undertaking using a pre-tax discount rate.

2.6 Debtors

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

2.7 Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and amounts due to group companies, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset

DH&P HRP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.7 Financial instruments (continued)

expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial liabilities

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

3. Critical accounting judgements and estimation of uncertainty

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

3.1 Critical judgements in applying the accounting policies

The Directors do not consider that any of the amounts presented in the financial statements are subject to significant judgements.

3.2 Key accounting estimates and assumption

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

Impairment of investments in and loans to subsidiary undertakings of the Company

Each year the Company considers whether there are any indications that the investments in its subsidiary undertakings are impaired. Some indications of impairment are external such as changes in technology and interest rates on the subsidiary undertaking. In the event indicators of impairment are identified the Company performs stress-tested net cash flow assessments on the forecasted cash flow projections of the subsidiary undertaking and provides for any shortfall in the carrying value of the subsidiary undertaking against future cashflow projections. See note 5 for the carrying amount of the asset, and note 2.5 for the accounting policies. No impairment has been recognised as a result of the company's assessment.

DH&P HRP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

4. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2021 - £NIL).

5. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2021	468
At 31 December 2022	<u>468</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
Direct Heating & Plumbing Merchants Limited	Trading	Ordinary	100%

6. Debtors

	2022 £	2021 £
Other debtors	1	1
	<u>1</u>	<u>1</u>

DH&P HRP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

7. Controlling party

The Company is a subsidiary of APP Wholesale Limited, a company incorporated in England and Wales.

The Company's ultimate parent company is Lords Group Trading, a company incorporated in England and Wales.

Lords Group Trading PLC is the parent undertaking of both the smallest and largest group undertakings to consolidate these financial statements as at 31 December 2022.

The consolidated financial statements Lords Group Trading PLC can be obtained from the Company Secretary at 12- 15 Hanger Green, London W5 3EL.