

Company Registration No. 01058143 (England and Wales)

PENFOLD VERRALL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

PENFOLD VERRALL LIMITED

COMPANY INFORMATION

Directors	Mr D J L Lynch Mr M J Nunn Mrs C Bowden Mr A J Bish	(Appointed 4 January 2021)
Secretary	Mrs C Bowden	
Company number	01058143	
Registered office	Amelia House Crescent Road Worthing West Sussex BN11 1RL	
Auditor	MHA Carpenter Box 5 Peveril Court 6-8 London Road Crawley West Sussex RH10 8JE	
Business address	The Haulage Yard Dial Post Horsham West Sussex RH13 8NY	

PENFOLD VERRALL LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report	3 - 4
Statement of income and retained earnings	5
Statement of financial position	6
Notes to the financial statements	7 - 12

PENFOLD VERRALL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their annual report and financial statements for the year ended 30 June 2020.

Principal activities

The principal activity of the company continued to be that of haulage, plant hire and construction.

Directors

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

Mr D J L Lynch

Mr M J Nunn

(Appointed 4 January 2021)

Mrs C Bowden

Mr A J Bish

Auditor

In accordance with the company's articles, a resolution proposing that MHA Carpenter Box be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

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

COVID-19 assessment

The directors have undertaken a robust assessment of the company's future trading prospects and have concluded that the company remains a going concern. See note 1.2 to the accounts for further detail.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mrs C Bowden

Director

25 February 2021

PENFOLD VERRALL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

PENFOLD VERRALL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PENFOLD VERRALL LIMITED

Opinion

We have audited the financial statements of Penfold Verrall Limited (the 'company') for the year ended 30 June 2020 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

PENFOLD VERRALL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PENFOLD VERRALL LIMITED

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

Robert Dowling FCA (Senior Statutory Auditor)
for and on behalf of MHA Carpenter Box
Chartered Accountants
Statutory Auditor
Crawley

26 February 2021

MHA Carpenter Box is a trading name of Carpenter Box Limited

PENFOLD VERRALL LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 JUNE 2020

	2020 £	2019 £
Revenue	7,234,764	8,910,118
Cost of sales	(6,775,474)	(7,541,808)
Gross profit	459,290	1,368,310
Administrative expenses	(588,957)	(564,825)
Other operating income	176,974	5,313
Operating profit	47,307	808,798
Investment income	633	97
Finance costs	-	(367)
Profit before taxation	47,940	808,528
Taxation	2,271	(83,308)
Profit for the financial year	50,211	725,220
Retained earnings brought forward	1,001,690	1,351,960
Dividends	(337,683)	(1,075,490)
Retained earnings carried forward	714,218	1,001,690

PENFOLD VERRALL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Non-current assets					
Property, plant and equipment	3		155,063		184,558
Current assets					
Inventories	4	117,742		76,397	
Trade and other receivables	5	1,830,924		2,061,426	
Cash and cash equivalents		307,840		230,846	
		<u>2,256,506</u>		<u>2,368,669</u>	
Current liabilities	6	<u>(1,365,323)</u>		<u>(1,217,009)</u>	
Net current assets			891,183		1,151,660
Total assets less current liabilities			<u>1,046,246</u>		<u>1,336,218</u>
Provisions for liabilities			<u>(6,400)</u>		<u>(8,900)</u>
Net assets			<u>1,039,846</u>		<u>1,327,318</u>
Equity					
Called up share capital			35		35
Share premium account			325,502		325,502
Capital redemption reserve			91		91
Retained earnings			<u>714,218</u>		<u>1,001,690</u>
Total equity			<u>1,039,846</u>		<u>1,327,318</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 25 February 2021 and are signed on its behalf by:

Mr D J L Lynch
Director

Company Registration No. 01058143

PENFOLD VERRALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Penfold Verrall Limited is a private company limited by shares incorporated in England and Wales. The registered office is Amelia House, Crescent Road, Worthing, West Sussex, BN11 1RL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements of the company are consolidated in the financial statements of Penfold Verrall Holdings Limited. These consolidated financial statements are available from its registered office which is the same as the company.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations. In response to the COVID-19 pandemic, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the directors have concluded that there is no material uncertainty in relation to the appropriateness of continuing to adopt the going concern basis in preparing the annual report and accounts.

1.3 Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Construction contract income

Revenue from contracts for the provision of construction services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Contract retentions are recognised on completion of the respective contracts when there is reasonable certainty that they are recoverable.

PENFOLD VERRALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Haulage income

Revenue from the provision of haulage services is recognised at the time the service is delivered, when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land freehold	Not depreciated
Leasehold property	10% to 20% Straight line per annum
Plant, machinery, fixtures & fittings	10% to 50% Straight line per annum
Heavy plant and vehicles	20% to 50% Straight line per annum
Motor vehicles	25% Diminishing balance per annum

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

1.5 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

PENFOLD VERRALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include deposits held at call with banks.

1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets

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

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 liabilities

Basic financial liabilities 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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

PENFOLD VERRALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

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

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

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

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

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 60 (2019 - 56).

PENFOLD VERRALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

3 Property, plant and equipment

	Land freehold	Leasehold property	Plant, Heavy plant and machinery, fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2019	15,000	218,272	197,714	78,562	705,293
Additions	-	-	-	6,849	6,849
Disposals	-	(6,774)	(37,990)	-	(47,414)
At 30 June 2020	15,000	211,498	159,724	85,411	664,728
Depreciation and impairment					
At 1 July 2019	-	145,045	142,599	64,682	520,735
Depreciation charged in the year	-	8,129	10,787	2,316	28,013
Eliminated in respect of disposals	-	(3,161)	(33,498)	-	(39,083)
At 30 June 2020	-	150,013	119,888	66,998	509,665
Carrying amount					
At 30 June 2020	15,000	61,485	39,836	18,413	155,063
At 30 June 2019	15,000	73,227	55,115	13,880	184,558

4 Inventories

	2020 £	2019 £
Inventories	117,742	76,397

5 Trade and other receivables

	2020 £	2019 £
Amounts falling due within one year:		
Trade receivables	1,476,224	1,584,712
Amounts owed by group undertakings	-	228,488
Other receivables	354,700	248,226
	1,830,924	2,061,426

PENFOLD VERRALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

6 Current liabilities

	2020 £	2019 £
Trade payables	378,121	376,304
Amounts owed to group undertakings	307,108	-
Corporation tax	-	85,000
Other taxation and social security	192,649	196,983
Other payables	381,060	443,420
Accruals and deferred income	106,385	115,302
	<u>1,365,323</u>	<u>1,217,009</u>

Included within other payables is £365,279 (2019: £428,472) paid in advance to the company in respect of items included in trade receivables as part of an invoice finance facility at the reporting date. This facility is secured against the assets of the company.

Amounts owed to group undertakings have no terms and are therefore repayable on demand. Whilst the classification as current liabilities reflect the contractual nature of the loans, the parent company does not seek repayment of these loans until a subsidiary is financially able to do so. This may be more than 12 months from the reporting date, as part of the parent company's ongoing financial support of its subsidiaries.

7 Financial commitments, guarantees and contingent liabilities

The company is included in a joint security arrangement whereby all present and future indebtedness and liabilities owing to the bank are secured by a composite unlimited multilateral guarantee and a debenture given by all companies in the Penfold Verrall Holdings Limited group. At the reporting date there was no liability due under this arrangement.

8 Events after the reporting date

Dividends totalling £42,340 (2019: £21,137) have been declared and paid since the reporting date.

9 Related party transactions

At the year end the company was owed £193,301 (2019: £193,301) from a connected company.

10 Parent company

The parent company is Penfold Verrall Holdings Limited, a company registered in England and Wales. Penfold Verrall Holdings Limited prepares group financial statements and copies can be obtained from Companies House. The registered office of Penfold Verrall Holdings Limited is Amelia House, Crescent Road, Worthing, West Sussex, BN11 1QRL.

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