Company registration number 01879474 (England and Wales)

# PAXTON ACCESS LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2022

# PAXTON ACCESS LIMITED

## COMPANY INFORMATION

| | | |
|---|---|---|
| **Directors** | A Stroud | |
| | P Bannister | |
| | G O'Hara | |
| | P Rawlinson | |
| | N O'Donnell | |
| | S Brotherton-Ratcliffe | |
| | S Taylor | (Appointed 6 February 2023) |
| **Secretary** | A Clements | |
| **Company number** | 01879474 | |
| **Registered office** | Paxton House<br>Home Farm Road<br>Brighton<br>East Sussex<br>BN1 9HU | |
| **Auditor** | Humphrey & Co Audit Services Ltd<br>7-9 The Avenue<br>Eastbourne<br>East Sussex<br>BN21 3YA | |
| **Business address** | Paxton House<br>Home Farm Road<br>Brighton<br>East Sussex<br>BN1 9HU | |
| **Bankers** | HSBC Bank plc<br>153 North Street<br>Brighton<br>East Sussex<br>BN1 1SW | |

# PAXTON ACCESS LIMITED

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# PAXTON ACCESS LIMITED

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

The directors present the strategic report and financial statements for the year ended 31 December 2022.

**Fair review of the business**
Despite the challenges of 2022, as a company Paxton has very much got back on track.

In brief, the company grew during the year, with turnover increasing by 10.1% (2021: 23.6%) and gross profit by 1.9% (2021: 20.6%). At the same time administrative expenses increased by 23.2% (2021: 10.6% ) and net profit for the year before tax ended up at £160,141 (2021: £5,518,771). The company's net worth at the end of the year was £24,621,392 (2021: £23,586,251).

The company operates in a highly competitive market. In order to maintain and improve its position in this market, and substantial investment has continued to be made by the company in research and development. This investment is made both for improving existing products and creating new innovative products for the market with a focus on providing returns over the longer term.

The company did not enter any new markets in the year, instead looking to cultivate the overseas markets already entered into, with particular focus on the US.

**Environmental matters**
The company is committed to being environmentally responsible and has shown this in achieving the ISO 14001:2015 accreditation for its factory in Eastbourne in February 2018 and passing the audit for this in the past 4 years. The company continuously reviews its policies and capital to see where environmental improvements can be made and has installed charge-points for plug in hybrid cars to encourage the use of low emission vehicles. As well as this, the company has a cross company environmental group to track and report on environmental initiatives. Going forward we are looking to install solar panels on our latest building development as part of ongoing improvements to the environment.

**Social and Community Issues**
The company take social and community issues seriously and has arranged multiple charity days through the year to generate donation income for selected charities.

**Principal risks and uncertainties**

i. The company's business is partly speculative, in that it is not known which new products will succeed, even though sales trends for existing products are known. The directors cannot give any undertaking as to the success or otherwise of new products yielded by its research and development work. There is therefore a significant risk inherent with expenditure related to this.

ii. The directors are not privy to new products currently in development by the company's competitors; there is therefore a risk that sales of its own products may suffer in the future as a result of unknown improvements in competitors' products.

iii. The company is typical of many companies of its type in that it is heavily reliant on IT systems. Whilst the directors diligently review and improve measures for ensuring resilience of its systems and back up of its data, they cannot absolutely ensure that failures will not damage the company's business at some point. In order to mitigate this risk the company continues to invest heavily in its IT infrastructure.

iv. Sales to the company's customers are made on a credit basis. Trade debtors amount to a substantial sum. Mindful of the current credit conditions affecting all companies, including our customers, there is an increased awareness regarding the importance of adherence to our credit terms. The board has satisfied itself that its customers are financially sound and will continue to be able to fund their debt for the foreseeable future. There is continued focus on strong credit management to ensure timely payment from customers and a healthy corporate liquidity position.

v. The current global electronic component shortage. As a manufacturer of electronic goods, we are impacted by global demand of electronic components. There has been an ongoing shortage of key components which has affected companies worldwide. In order to mitigate this risk, we are continuously reviewing the components used in our products as well as investing in our Supply Chain team.

vi. As a company with a global presence, we are aware of the risk posed by worldwide geo-political instability. To mitigate this, we always take this under consideration whenever looking to expand into new markets and when sourcing new materials, as well as keeping our current positions under ongoing review.

**S172 Statement**

**Duty to promote the success of the company**
The directors consider the successful running of the company in terms of achieving its long-term strategy which centres on building a resilient company that is great to work for and known for the quality of our products. The ongoing success of the company centres around positive and effective dealings with all the stakeholders of the company and the directors were mindful of the long terms consequences of key commercial decisions made during the year and determined that these were in the interests of the company's owner, employees, agency staff, contractors, customers, installers, suppliers, local universities, and other stakeholders, as they were all aligned with the company's strategy.

The principal decisions made in the year were:

- Make a significant investment stock holding to alleviate the threat of disrupted supply chains during the current political unrest in order to protect our customers from a shortfall
- Focus on securing high risk stock components at the necessary premiums to ensure continuity of supply to our customers
- Provide all staff with a mid-year increase in salary to help with the cost-of-living challenges being faced

The directors undertook the decisions above fully understanding the short-term impact to the company from a profitability and cash flow perspective. These decisions will ultimately secure the medium- and long-term future of the company.

As set out in the directors' report, the company takes employee involvement very seriously and we ensure we engage with our staff at all levels on a wide range of matters. The company also regularly engages with its distributors, installers, and suppliers to maintain these important relationships.

The directors confirm that throughout the year they have acted in the way they consider, in good faith, to be most likely to promote the continued success of the company for the benefit of its members.

On behalf of the board

A Stroud
**Director**

25 August 2023

# PAXTON ACCESS LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

The directors present their annual report and financial statements for the year ended 31 December 2022.

**Principal activities**
The principal activity of the company is the manufacture and distribution of electronic access control systems.

**Results and dividends**
The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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

| | |
|---|---|
| A Brotherton-Ratcliffe | (Resigned 22 July 2022) |
| A Stroud | |
| P Bannister | |
| G O'Hara | |
| V Parekh | (Resigned 31 December 2022) |
| P Rawlinson | |
| N O'Donnell | |
| S Brotherton-Ratcliffe | |
| S Taylor | (Appointed 6 February 2023) |

**Financial instruments**
***Treasury operations and financial instruments***
The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments are cash balances. In addition, the company has various other financial assets and liabilities such as trade debtors and creditors arising directly from its operations.

***Interest rate risk***
Interest rate risk arises from cash balances, bank overdrafts and loans. The directors continually review the company's exposure to interest rates and take action to ensure that the risk is appropriate in relation to the financial results of the company.

***Foreign currency risk***
The company's principal foreign currency exposures arise from trading with overseas companies. Dollar and Euro bank accounts are maintained in order to try and mitigate foreign currency risk.

***Credit risk***
The company has implemented policies that require appropriate credit checks on potential customers before sales are made. In addition the company has insured its risk of debtor irrecoverability.

**Research and development**
The company is heavily committed to research and development activities. During the year the company concentrated its research and development activities on both continuous improvement on its current product portfolio as well as diversification into other market sectors.

**Disabled persons**
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employee involvement**
The company is conscious of the need to keep employees informed regarding the progress and future plans of the company and the mutual benefit that can be engendered by good internal communications. This is achieved through regular meetings with managers and staff and an open forum in which a two-way flow of comment and ideas is encouraged. An example of this is the Paxton Exchange which offers senior management the opportunity to communicate the company goals and achievements to all members of staff. A significant amount of time and money is invested in employee training in the company and is available to all levels of staff. The Paxton Seagull, the staff newsletter, is a further commitment to the concept of improving communications within the company. The company is committed to providing a fantastic company culture for all its staff members. In July 2022 the decision was made by the directors to offer all staff an increase to their base salaries to help with the cost of living challenge faced both in the UK and the markets we operate in overseas.

**Business relationships**
The directors consider the fostering of good relationships with all stakeholders as essential for the ongoing success of the company. In that regard they have always considered the impact on the suppliers, customers, end users, staff and others of all decisions made. Key decisions, and their impact on specific groups, have been summarised in the s172 statement included on both our website and in the strategic report.

**Future developments**
The company is continuing to develop its overseas marketing and sales strategy and the directors expect that this will contribute to an increase in profitability.

**Auditor**
The auditor, Humphrey & Co Audit Services Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

**Energy and carbon report**
The company has consumed more than 40,000 kWh of energy in this reporting period and is required to report on its emissions, energy consumption or energy efficiency activities.

| | 2022 | 2021 |
|---|---|---|
| *Energy consumption* | **kWh** | **kWh** |
| Aggregate of energy consumption in the year | | |
| - Gas combustion | 107,484 | 178,812 |
| - Fuel consumed for transport | 1,000,540 | 982,896 |
| | 1,108,024 | 1,161,708 |

| *Emissions of CO2 equivalent* | **2022 metric tonnes** | **2021 metric tonnes** |
|---|---|---|
| Scope 1 - direct emissions | | |
| - Gas combustion | 25.06 | 31.75 |
| - Fuel consumed for owned transport | 214.78 | - * |
| | 239.84 | 31.75 |
| Scope 2 - indirect emissions | | |
| - Electricity purchased | 233.27 | 206.57 |
| Scope 3 - other indirect emissions | | |
| - Fuel consumed for transport not owned by the company | 8.13 | - * |
| Total gross emissions | 481.24 | 238.32 |
| *Intensity ratio* | | |
| kWh per sq ft per year and kWh per £k produced | 8.59 | 11.87 |

* it was not practical to prepare comparative data

*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 2021 UK Government's Conversion Factors for Company Reporting.

*Intensity measurement*

The chosen intensity measurement ratio is total kilowatt hours per square foot for the offices and total kilowatt hours per £1,000 produced for the factory and warehouse.

The ratios for each site were:-
Paxton House - 12.36 kWh per square foot per year
Paxton Technology Centre - 11.43 kWh per square foot per year
Brampton Road - 16.54 kWh per £1,000 produced
Harvington Road - 2.62 kWh per £1,000 produced

*Measures taken to improve energy efficiency*

There was no capacity to introduce energy improvements to our sites in 2022. A full audit of our carbon footprint will be conducted by an independent consultant in 2023.

A new environment policy will be launched in 2023 to ensure budgets and objectives relating to energy improvements are part of our company's goals.

**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.

On behalf of the board

A Stroud
**Director**

25 August 2023

# PAXTON ACCESS LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

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.

# PAXTON ACCESS LIMITED

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF PAXTON ACCESS LIMITED

**Opinion**
We have audited the financial statements of Paxton Access Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2022 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**
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

**Other information**
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of our audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

We obtained an understanding of the company and the laws and regulations that could reasonably be expected to have a direct effect on the financial statements through discussion with the directors and management and the application of our knowledge and experience. We discussed with management whether there were any known or suspected instances of fraud and/or non-compliance with relevant laws and regulations. We also obtained an understanding of the company's accounting systems and internal controls.

We audited the risk of management override of controls, by testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business. Our other audit procedures included, but were not limited to, attending a year end stock count, carrying out detailed substantive testing of a sample of income and expenditure transactions arising in the year and a sample of balance sheet items such as fixed assets, debtors, creditors, etc. We also reviewed the financial statements and checked disclosures to supporting documentation to assess compliance with applicable law and regulation.

Because of the inherent risk 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. The 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 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 is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## TO THE MEMBERS OF PAXTON ACCESS LIMITED

**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.

**Mr Michael Macefield**
**Senior Statutory Auditor**
**For and on behalf of Humphrey & Co Audit Services Ltd** 25 August 2023

**Chartered Accountants**
**Statutory Auditor**

7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

## PAXTON ACCESS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

***FOR THE YEAR ENDED 31 DECEMBER 2022***

| | Notes | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| **Turnover** | 3 | 61,402,381 | 55,752,754 |
| Cost of sales | | (30,235,306) | (25,169,790) |
| **Gross profit** | | 31,167,075 | 30,582,964 |
| Administrative expenses | | (32,830,690) | (26,645,259) |
| Other operating income | | 1,863,237 | 1,606,099 |
| **Operating profit** | 4 | 199,622 | 5,543,804 |
| Interest payable and similar expenses | 8 | (39,481) | (25,033) |
| **Profit before taxation** | | 160,141 | 5,518,771 |
| Tax on profit | 9 | 875,000 | (435,000) |
| **Profit for the financial year** | | 1,035,141 | 5,083,771 |

The income statement has been prepared on the basis that all operations are continuing operations.

# PAXTON ACCESS LIMITED

## STATEMENT OF FINANCIAL POSITION

### *AS AT 31 DECEMBER 2022*

| | Notes | 2022 £ | 2022 £ | 2021 £ | 2021 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **10** | | 203,985 | | 211,898 |
| Tangible assets | **11** | | 1,967,170 | | 1,799,619 |
| | | | 2,171,155 | | 2,011,517 |
| **Current assets** | | | | | |
| Stocks | **12** | 10,990,868 | | 7,250,610 | |
| Debtors falling due after more than one year | **13** | 2,782,000 | | 1,907,000 | |
| Debtors falling due within one year | **13** | 24,694,080 | | 20,107,367 | |
| Cash at bank and in hand | | 401,722 | | 4,621,232 | |
| | | 38,868,670 | | 33,886,209 | |
| **Creditors: amounts falling due within one year** | **14** | (16,183,433) | | (11,843,827) | |
| **Net current assets** | | | 22,685,237 | | 22,042,382 |
| **Total assets less current liabilities** | | | 24,856,392 | | 24,053,899 |
| **Creditors: amounts falling due after more than one year** | **15** | | - | | (232,648) |
| **Provisions for liabilities** | | | | | |
| Provisions | **18** | 235,000 | | 235,000 | |
| | | | (235,000) | | (235,000) |
| **Net assets** | | | 24,621,392 | | 23,586,251 |
| **Capital and reserves** | | | | | |
| Called up share capital | **21** | | 200,001 | | 200,001 |
| Profit and loss reserves | | | 24,421,391 | | 23,386,250 |
| **Total equity** | | | 24,621,392 | | 23,586,251 |

The financial statements were approved by the board of directors and authorised for issue on 25 August 2023 and are signed on its behalf by:

S Brotherton-Ratcliffe
**Director**

**Company Registration No. 01879474**

## PAXTON ACCESS LIMITED

### STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 31 DECEMBER 2022***

| | Share capital | Profit and loss reserves | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Balance at 1 January 2021** | 200,001 | 18,302,479 | 18,502,480 |
| **Year ended 31 December 2021:** | | | |
| Profit and total comprehensive income for the year | - | 5,083,771 | 5,083,771 |
| **Balance at 31 December 2021** | 200,001 | 23,386,250 | 23,586,251 |
| **Year ended 31 December 2022:** | | | |
| Profit and total comprehensive income for the year | - | 1,035,141 | 1,035,141 |
| **Balance at 31 December 2022** | 200,001 | 24,421,391 | 24,621,392 |

## PAXTON ACCESS LIMITED

### STATEMENT OF CASH FLOWS

***FOR THE YEAR ENDED 31 DECEMBER 2022***

| | Notes | 2022 £ | 2022 £ | 2021 £ | 2021 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash absorbed by operations | **26** | | (5,719,340) | | (1,465,318) |
| Interest paid | | | (39,481) | | (25,033) |
| **Net cash outflow from operating activities** | | | (5,758,821) | | (1,490,351) |
| **Investing activities** | | | | | |
| Purchase of intangible assets | | (109,791) | | (55,173) | |
| Purchase of tangible fixed assets | | (758,965) | | (326,190) | |
| Proceeds from disposal of tangible fixed assets | | 1,200 | | - | |
| **Net cash used in investing activities** | | | (867,556) | | (381,363) |
| **Financing activities** | | | | | |
| Payment of finance leases obligations | | (281,453) | | (271,874) | |
| **Net cash used in financing activities** | | | (281,453) | | (271,874) |
| **Net decrease in cash and cash equivalents** | | | (6,907,830) | | (2,143,588) |
| Cash and cash equivalents at beginning of year | | | 4,621,232 | | 6,764,820 |
| Effect of foreign exchange rates | | | 18,773 | | - |
| **Cash and cash equivalents at end of year** | | | (2,267,825) | | 4,621,232 |
| **Relating to:** | | | | | |
| Cash at bank and in hand | | | 401,722 | | 4,621,232 |
| Bank overdrafts included in creditors payable within one year | | | (2,669,547) | | - |

## 1 Accounting policies

**Company information**

Paxton Access Limited is a private company limited by shares incorporated in England and Wales. The registered office is Paxton House, Home Farm Road, Brighton, East Sussex, BN1 9HU.

### 1.1 Accounting convention

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

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

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

### 1.2 Going concern

The company benefits from the support of its owners and financial resilience developed through working with key managerial stakeholders. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets comprise of product development costs. Such assets are considered to have a finite useful life and the costs are amortised on a reducing balance basis over their estimated useful life. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

**1 Accounting policies** **(Continued)**

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

| | |
|---|---|
| Development Costs | 33% reducing balance and 33% straight line |

**1.6 Tangible fixed assets**

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

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

| | |
|---|---|
| Freehold | No depreciation |
| Leasehold improvements | 20% reducing balance and 20%/33% straight line |
| Plant and machinery | 20%/33% reducing balance and 20%/33% straight line |
| Fixtures, fittings & equipment | 20% reducing balance & 20%/25%/33% straight line |

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.

**1.7 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

**1.8 Stocks**

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

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

The cost of stock is based on an average cost basis, where the actual cost of stock purchased to obtain the quantity held is identified and an average cost calculated.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

**1 Accounting policies** **(Continued)**

**1.9 Cash and cash equivalents**

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

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

***Basic financial assets***

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

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

***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 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.

**1 Accounting policies** **(Continued)**

***Classification of financial liabilities***

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

***Basic financial liabilities***

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

***Derecognition of financial liabilities***

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

**1.11 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.

**1.12 Taxation**

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

***Current tax***

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

**1 Accounting policies** **(Continued)**

***Deferred tax***

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.13 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**1.14 Employee benefits**

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

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

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

**1.15 Retirement benefits**

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

**1.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 Accounting policies** **(Continued)**

**1.17 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

**1.18 Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at a fixed rate that is used as an approximation for the actual rate. The fixed rates used are reviewed periodically. All differences are taken to profit and loss account.

**1.19 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard 102 from disclosing transactions with other wholly owned subsidiaries of Paxton Access Group Limited.

**2 Judgements and key sources of estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The critical judgments which have the most significant impact on amounts recognised in the financial statements are as follows:

***Stock provisioning***

Provision is made where necessary for obsolete, slow moving and defective stocks. The directors review the level of the provision based on the level and condition of stock items and their knowledge of the business.

***Warranty provisioning***

The company provides a 5 year warranty on its products. A provision for expected warranty claims is calculated based on prior experience of levels of warranty claims incurred and future expectations.

***Useful life of fixed assets***

The directors estimate the expected useful lives of the company's fixed assets which in turn impacts on the amount of depreciation charged in the year.

***Deferred Tax Asset***

The directors estimate the amount of deferred tax that is likely to be recovered by the likely availability of future taxable profits.

## 2 Judgements and key sources of estimation uncertainty (Continued)

**Key sources of estimation uncertainty**

In the opinion of the directors there are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

## 3 Turnover

An analysis of the company's turnover is as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Turnover analysed by class of business** | | |
| Electronic access control systems | 61,402,381 | 55,752,754 |

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Turnover analysed by geographical market** | | |
| UK | 38,260,866 | 35,559,214 |
| Europe | 10,006,711 | 9,539,268 |
| Rest of world | 13,134,804 | 10,654,272 |
| | 61,402,381 | 55,752,754 |

## 4 Operating profit

| | 2022 | 2021 |
|---|---|---|
| Operating profit for the year is stated after charging/(crediting): | £ | £ |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | (148,579) | 27,821 |
| Research and development costs | 819,924 | 505,010 |
| Government grants | - | (64,912) |
| Management fees receivable | (1,604,358) | (1,288,072) |
| Compensation for faulty goods | (163,566) | (205,926) |
| Depreciation of owned tangible fixed assets | 590,056 | 689,941 |
| Loss on disposal of tangible fixed assets | 158 | 97,431 |
| Amortisation of intangible assets | 117,704 | 116,146 |
| Loss on disposal of intangible assets | - | 9,196 |
| Operating lease charges | 2,142,525 | 1,950,705 |

## 5 Auditor's remuneration

| Fees payable to the company's auditor and associates: | 2022<br>£ | 2021<br>£ |
|---|---|---|
| **For audit services** | | |
| Audit of the financial statements of the company | 30,500 | 28,350 |
| **For other services** | | |
| Taxation compliance services | 2,500 | 2,350 |
| All other non-audit services | 3,000 | 4,700 |
| | 5,500 | 7,050 |

## 6 Employees

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

| | 2022<br>Number | 2021<br>Number |
|---|---|---|
| Administration | 255 | 211 |
| Production | 74 | 63 |
| Cleaning | 2 | 2 |
| Total | 331 | 276 |

Their aggregate remuneration comprised:

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Wages and salaries | 14,620,691 | 11,961,469 |
| Social security costs | 1,651,003 | 1,292,575 |
| Pension costs | 1,218,382 | 1,304,755 |
| | 17,490,076 | 14,558,799 |

## 7 Directors' remuneration

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Remuneration for qualifying services | 2,443,358 | 2,407,129 |
| Company pension contributions to defined contribution schemes | 145,901 | 139,460 |
| | 2,589,259 | 2,546,589 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2021 - 7).

**7 Directors' remuneration** **(Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Remuneration for qualifying services | 749,702 | 633,915 |
| Company pension contributions to defined contribution schemes | 17,483 | 16,973 |

**8 Interest payable and similar expenses**

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Interest on financial liabilities measured at amortised cost:** | | |
| Interest on finance leases and hire purchase contracts | 13,170 | 22,748 |
| Other interest on financial liabilities | 26,311 | 2,285 |
| | 39,481 | 25,033 |

**9 Taxation**

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Deferred tax** | | |
| Origination and reversal of timing differences | (875,000) | 435,000 |

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

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Profit before taxation | 160,141 | 5,518,771 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 30,427 | 1,048,566 |
| Tax effect of expenses that are not deductible in determining taxable profit | 8,310 | 5,128 |
| Effect of change in corporation tax rate | (386,677) | (207,018) |
| Permanent capital allowances in excess of depreciation | (33,678) | - |
| Research and development tax credit | (493,382) | (411,676) |
| Taxation (credit)/charge for the year | (875,000) | 435,000 |

**10 Intangible fixed assets**

| | Development Costs |
|---|---|
| | £ |
| **Cost** | |
| At 1 January 2022 | 708,677 |
| Additions - internally developed | 109,791 |
| At 31 December 2022 | 818,468 |
| **Amortisation and impairment** | |
| At 1 January 2022 | 496,779 |
| Amortisation charged for the year | 117,704 |
| At 31 December 2022 | 614,483 |
| **Carrying amount** | |
| At 31 December 2022 | 203,985 |
| At 31 December 2021 | 211,898 |

**11 Tangible fixed assets**

| | Freehold | Leasehold improvements | Plant and machinery | Fixtures, fittings & equipment | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost** | | | | | |
| At 1 January 2022 | 5,000 | 844,238 | 4,197,999 | 1,959,817 | 7,007,054 |
| Additions | - | 155,928 | 323,422 | 279,615 | 758,965 |
| Disposals | - | - | (4,089) | - | (4,089) |
| At 31 December 2022 | 5,000 | 1,000,166 | 4,517,332 | 2,239,432 | 7,761,930 |
| **Depreciation and impairment** | | | | | |
| At 1 January 2022 | - | 591,100 | 2,914,137 | 1,702,198 | 5,207,435 |
| Depreciation charged in the year | - | 85,797 | 332,782 | 171,477 | 590,056 |
| Eliminated in respect of disposals | - | - | (2,731) | - | (2,731) |
| At 31 December 2022 | - | 676,897 | 3,244,188 | 1,873,675 | 5,794,760 |
| **Carrying amount** | | | | | |
| At 31 December 2022 | 5,000 | 323,269 | 1,273,144 | 365,757 | 1,967,170 |
| At 31 December 2021 | 5,000 | 253,138 | 1,283,862 | 257,619 | 1,799,619 |

### 11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Plant and machinery | 369,553 | 461,941 |

### 12 Stocks

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Raw materials and consumables | 141,715 | 158,456 |
| Finished goods and goods for resale | 10,849,153 | 7,092,154 |
| | 10,990,868 | 7,250,610 |

### 13 Debtors

| | 2022 | 2021 |
|---|---|---|
| **Amounts falling due within one year:** | £ | £ |
| Trade debtors | 13,349,281 | 13,657,541 |
| Amounts owed by group undertakings | 8,051,905 | 5,616,181 |
| Other debtors | 12,538 | 5,147 |
| Prepayments and accrued income | 3,280,356 | 828,498 |
| | 24,694,080 | 20,107,367 |

| | 2022 | 2021 |
|---|---|---|
| **Amounts falling due after more than one year:** | £ | £ |
| Deferred tax asset (note 19) | 2,782,000 | 1,907,000 |
| **Total debtors** | 27,476,080 | 22,014,367 |

Trade debtors disclosed above are measured at amortised cost.

### 14 Creditors: amounts falling due within one year

| | Notes | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| Bank loans and overdrafts | 16 | 2,669,547 | - |
| Obligations under finance leases | 17 | 232,649 | 281,454 |
| Trade creditors | | 10,866,587 | 9,529,279 |
| Amounts owed to group undertakings | | 457,775 | 90,401 |
| Taxation and social security | | 892,768 | 852,121 |
| Accruals and deferred income | | 1,064,107 | 1,090,572 |
| | | 16,183,433 | 11,843,827 |

### 15 Creditors: amounts falling due after more than one year

| | Notes | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| Obligations under finance leases | 17 | - | 232,648 |

### 16 Loans and overdrafts

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Bank overdrafts | 2,669,547 | - |
| Payable within one year | 2,669,547 | - |

### 17 Finance lease obligations

| | 2022 | 2021 |
|---|---|---|
| Future minimum lease payments due under finance leases: | £ | £ |
| Within one year | 232,649 | 281,454 |
| In two to five years | - | 232,648 |
| | 232,649 | 514,102 |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 60 months. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 18 Provisions for liabilities

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Warranty repairs | 235,000 | 235,000 |

**18 Provisions for liabilities** **(Continued)**

Movements on provisions:

| | Warranty repairs £ |
|---|---|
| At 1 January 2022 and 31 December 2022 | 235,000 |

The provision for warranty claims is a provision for future product costs arising in the normal course of business from prior year sales. The company provides a 5 year warranty on its products.

**19 Deferred taxation**

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

| **Balances:** | **Assets 2022 £** | **Assets 2021 £** |
|---|---|---|
| Accelerated capital allowances | - | 144,041 |
| Tax losses | 2,782,000 | 1,762,959 |
| | 2,782,000 | 1,907,000 |

| **Movements in the year:** | **2022 £** |
|---|---|
| Asset at 1 January 2022 | (1,907,000) |
| Credit to profit or loss | (875,000) |
| Asset at 31 December 2022 | (2,782,000) |

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. It is estimated that approximately £625,000 of the deferred tax asset will reverse in the next 12 months.

Deferred tax balances have been measured at 25% (2021 - 21.25%).

**20 Retirement benefit schemes**

| **Defined contribution schemes** | **2022 £** | **2021 £** |
|---|---|---|
| Charge to profit or loss in respect of defined contribution schemes | 1,218,382 | 1,304,755 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the Balance Sheet date the company had a pension liability of £143,723 (2021 - £110,933).

**21 Share capital**

| | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|
| **Ordinary share capital** | **Number** | **Number** | **£** | **£** |
| **Issued and fully paid** | | | | |
| Ordinary shares of £1 each | 200,001 | 200,001 | 200,001 | 200,001 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

**22 Operating lease commitments**

**Lessee**
Operating lease payments consist of rentals payable by the company for motor vehicles. Motor vehicle leases are generally for a term of 3 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Within one year | 361,558 | 208,603 |
| Between two and five years | 439,275 | 202,281 |
| | 800,833 | 410,884 |

**23 Capital commitments**

Amounts contracted for but not provided in the financial statements:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Acquisition of tangible fixed assets | 664,831 | - |

The company has commitments of £664,831 (2021 - Nil) for Property, plant and equipment, which are contracted for but not provided for in the Financial Statements.

**24 Related party transactions**

**Guarantees**
The company has entered into an unlimited cross guarantee with other group companies such that it will guarantee the lending of those other group companies should they be unable to meet their liabilities as and when they fall due. At 31 December 2022 the maximum potential exposure was £8,804,616 (2021 - £9,734,068). The company has also provided a guarantee of £300,000 to H M Revenue & Customs. No liability is expected to arise as a result of these arrangements.

## 25 Ultimate controlling party

The parent company of Paxton Access Limited is Paxton Access Group Limited, a company incorporated in England and Wales and whose registered office is Paxton House, Home Farm Road, Brighton, BN1 9HU.

The ultimate controlling party is A Brotherton-Ratcliffe, a former director of the company.

Paxton Access Group Limited is the parent undertaking of the largest and smallest group to consolidate these financial statements. Copies of the accounts can be obtained from Companies House.

## 26 Cash absorbed by operations

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Profit for the year after tax | 1,035,141 | 5,083,771 |
| **Adjustments for:** | | |
| Taxation (credited)/charged | (875,000) | 435,000 |
| Finance costs | 39,481 | 25,033 |
| Loss on disposal of tangible fixed assets | 158 | 97,431 |
| Loss on disposal of intangible assets | - | 9,196 |
| Amortisation and impairment of intangible assets | 117,704 | 116,146 |
| Depreciation and impairment of tangible fixed assets | 590,056 | 689,941 |
| Foreign exchange gains on cash equivalents | (18,773) | - |
| Decrease in provisions | - | (8,000) |
| **Movements in working capital:** | | |
| Increase in stocks | (3,740,258) | (2,826,402) |
| Increase in debtors | (4,586,713) | (7,276,137) |
| Increase in creditors | 1,718,864 | 2,188,703 |
| **Cash absorbed by operations** | (5,719,340) | (1,465,318) |

## 27 Analysis of changes in net funds/(debt)

| | 1 January 2022 | Cash flows | Exchange rate movements | 31 December 2022 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 4,621,232 | (4,238,283) | 18,773 | 401,722 |
| Bank overdrafts | - | (2,669,547) | - | (2,669,547) |
| | 4,621,232 | (6,907,830) | 18,773 | (2,267,825) |
| Obligations under finance leases | (514,102) | 281,453 | - | (232,649) |
| | 4,107,130 | (6,626,377) | 18,773 | (2,500,474) |