

Company registration number 02577957 (England and Wales)

PANEL SYSTEMS (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

PANEL SYSTEMS (HOLDINGS) LIMITED

COMPANY INFORMATION

Director	Mr C M Ibbotson
Secretary	C Fairburn
Company number	02577957
Registered office	Unit 3-9 Welland Close Parkwood Industrial Estate Rutland Road Sheffield S3 9QY
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD

PANEL SYSTEMS (HOLDINGS) LIMITED

CONTENTS

	Page
Strategic report	1
Director's report	2 - 3
Independent auditor's report	4 - 6
Profit and loss account	7
Group statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 27

PANEL SYSTEMS (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents the strategic report for the year ended 31 December 2022.

Fair review of the business

The trading year proved to be a difficult year with supply issues. Raw materials were subject to regular price increases throughout the year and it was impossible to pass the full cost on to our customers. Furthermore many raw materials were in short supply resulting in disruption to production. The results for the year reflect these difficulties. Looking forward, the outlook for 2023 is positive with supply issues being less of a concern.

Principal risks and uncertainties

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, cash, other liquid resources and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are liquidity risk, foreign currency risk and the general economic climate. The director's review and agree policies for managing each of these risks and monitor on a monthly basis.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the volume of foreign purchases is low, and supplies are generally on 30-day terms. Sales and purchases for the Euro area are transacted in Euros.

General economic climate

The economic climate has improved since 2021 with the impact of Covid and Brexit no longer viewed as key drivers of performance.

Key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance of the company including turnover, operating profit, profit before taxation and the strength of the balance sheet.

On behalf of the board

Mr C M Ibbotson

Director

19 April 2023

PANEL SYSTEMS (HOLDINGS) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents his report and financial statements for the year ended 31 December 2022. The company is dormant and has not traded during the year.

Principal activities

The company comprises three manufacturing divisions supplying a range of markets including construction, caravans and leisure.

The holding company has remained dormant during the year and is likely to remain dormant for the foreseeable future.

Results and dividends

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

An interim ordinary dividend was paid amounting to £240,000. The director does not recommend payment of a final dividend.

Director

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

Mr C M Ibbotson

Auditor

The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is 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 group and company will continue in business.

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

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 auditor of the company 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 auditor of the company is aware of that information.

PANEL SYSTEMS (HOLDINGS) LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

Mr C M Ibbotson
Director

19 April 2023

PANEL SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PANEL SYSTEMS (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Panel Systems (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the director 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 director is 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

PANEL SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PANEL SYSTEMS (HOLDINGS) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the parent company or to cease operations, or has 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group through discussions with directors and other management, and from our commercial knowledge and experience of the trade;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group;
- we assessed the extent of compliance with the laws and regulations considered above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

PANEL SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PANEL SYSTEMS (HOLDINGS) LIMITED

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risks of fraud through management bias and override controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- discussions with senior management regarding relevant regulations and reviewing the company's legal and professional fees.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the director's and other management and the inspection of regulatory and legal correspondence.

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.

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.

Terri Pierpoint (Senior Statutory Auditor)
For and on behalf of BHP LLP

19 April 2023

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	12,946,955	12,053,225
Cost of sales		(10,917,173)	(9,837,075)
Gross profit		2,029,782	2,216,150
Distribution costs		(438,776)	(444,378)
Administrative expenses		(743,001)	(734,623)
Other operating income		-	5,590
Operating profit	4	848,005	1,042,739
Interest receivable and similar income	7	59,521	3,816
Interest payable and similar expenses	8	(51)	-
Profit before taxation		907,475	1,046,555
Tax on profit	9	(166,697)	(197,074)
Profit for the financial year	23	740,778	849,481

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Profit for the year	740,778	849,481
Other comprehensive income	-	-
Total comprehensive income for the year	<u>740,778</u>	<u>849,481</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		194,909		195,949
Current assets					
Stocks	15	630,352		659,929	
Debtors	16	1,574,730		1,654,907	
Cash at bank and in hand		3,918,427		3,768,910	
		<u>6,123,509</u>		<u>6,083,746</u>	
Creditors: amounts falling due within one year	17	<u>(1,244,330)</u>		<u>(1,707,085)</u>	
Net current assets			<u>4,879,179</u>		<u>4,376,661</u>
Total assets less current liabilities			<u>5,074,088</u>		<u>4,572,610</u>
Provisions for liabilities	18		<u>(1,300)</u>		<u>(600)</u>
Net assets			<u><u>5,072,788</u></u>		<u><u>4,572,010</u></u>
Capital and reserves					
Called up share capital	20	22,950		22,950	
Share premium account	21	140,000		140,000	
Capital redemption reserve	22	37,051		37,051	
Profit and loss reserves	23	4,872,787		4,372,009	
Total equity			<u><u>5,072,788</u></u>		<u><u>4,572,010</u></u>

The financial statements were approved and signed by the director and authorised for issue on 19 April 2023

Mr C M Ibbotson
Managing Director

PANEL SYSTEMS (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Investments	13		635,173		635,173
Current assets		-		-	
Creditors: amounts falling due within one year	17	(397,445)		(397,445)	
Net current liabilities			(397,445)		(397,445)
Net assets			237,728		237,728
Capital and reserves					
Called up share capital	20		22,950		22,950
Share premium account	21		140,000		140,000
Capital redemption reserve	22		37,051		37,051
Profit and loss reserves	23		37,727		37,727
Total equity			237,728		237,728

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £240,000 (2021: £265,000).

The financial statements were approved and signed by the director and authorised for issue on 19 April 2023

Mr C M Ibbotson
Director

Company Registration No. 02577957

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2021		22,950	140,000	37,051	3,787,528	3,987,529
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	849,481	849,481
Dividends	10	-	-	-	(265,000)	(265,000)
Balance at 31 December 2021		22,950	140,000	37,051	4,372,009	4,572,010
Year ended 31 December 2022:						
Profit and total comprehensive income for the year		-	-	-	740,778	740,778
Dividends	10	-	-	-	(240,000)	(240,000)
Balance at 31 December 2022		22,950	140,000	37,051	4,872,787	5,072,788

PANEL SYSTEMS (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2021		22,950	140,000	37,051	37,727	237,728
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	265,000	265,000
Dividends	10	-	-	-	(265,000)	(265,000)
Balance at 31 December 2021		22,950	140,000	37,051	37,727	237,728
Year ended 31 December 2022:						
Profit and total comprehensive income for the year		-	-	-	240,000	240,000
Dividends	10	-	-	-	(240,000)	(240,000)
Balance at 31 December 2022		22,950	140,000	37,051	37,727	237,728

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26	705,918		1,036,601	
Interest paid		(51)		-	
Income taxes paid		(217,923)		(89,370)	
Net cash inflow from operating activities		<u>487,944</u>		<u>947,231</u>	
Investing activities					
Purchase of tangible fixed assets		(163,948)		(31,555)	
Proceeds from disposal of tangible fixed assets		6,000		10,000	
Interest received		59,521		3,816	
Net cash used in investing activities		<u>(98,427)</u>		<u>(17,739)</u>	
Financing activities					
Dividends paid to equity shareholders		(240,000)		(265,000)	
Net cash used in financing activities		<u>(240,000)</u>		<u>(265,000)</u>	
Net increase in cash and cash equivalents		<u>149,517</u>		<u>664,492</u>	
Cash and cash equivalents at beginning of year		3,768,910		3,104,418	
Cash and cash equivalents at end of year		<u><u>3,918,427</u></u>		<u><u>3,768,910</u></u>	

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Panel Systems (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 3-9 Welland Close, Parkwood Industrial Estate, Rutland Road, Sheffield, S3 9QY.

The group consists of Panel Systems (Holdings) Limited and all of its subsidiaries.

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 Basis of consolidation

The consolidated financial statements incorporate those of Panel Systems (Holdings) Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2022.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The consolidated financial statements incorporate those of Panel Systems (Holdings) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

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

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 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. 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.

1.5 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.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 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:

Land and buildings Leasehold	life of lease (maximum 10 years)
Plant and machinery	3 to 10 years
Motor vehicles	4 to 5 years

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

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.9 Impairment of fixed assets

At each reporting period end date, the group 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).

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 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.

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.

1.11 Cash at bank and in hand

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.

1.12 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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.

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

Classification of financial liabilities

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

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, 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.

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 Taxation

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

Current tax

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

Deferred tax

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

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 profit and loss account, 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 if, and only if, there is 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.

1.15 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.

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.16 Retirement benefits

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

1.17 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 leased asset are consumed.

1.18 Government grants

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

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock provisions

Stocks are stated at the lower of cost and net realisable value. The Director will assess the requirement for any provision for obsolete stock or value deterioration as based on historical transactions, stock utilisation patterns, regular inspection and counting of physical items.

3 Turnover and other revenue

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

	2022	2021
	£	£
Turnover analysed by class of business		
Panel Components	12,946,955	12,053,225

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3	Turnover and other revenue	(Continued)	
		2022	2021
		£	£
	Turnover analysed by geographical market		
	United Kingdom	12,582,125	11,933,861
	Europe and other	364,830	119,364
		<u>12,946,955</u>	<u>12,053,225</u>
		2022	2021
		£	£
	Other revenue		
	Interest income	59,521	3,816
	Grants received	-	5,590
		<u>-</u>	<u>5,590</u>
4	Operating profit	2022	2021
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Research and development costs	43,348	31,784
	Government grants	-	(5,590)
	Depreciation of owned tangible fixed assets	164,988	197,436
	Profit on disposal of tangible fixed assets	(6,000)	(10,000)
	Operating lease charges	280,619	273,272
		<u>280,619</u>	<u>273,272</u>
5	Auditor's remuneration	2022	2021
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	-	-
	Audit of the financial statements of the company's subsidiaries	12,720	12,950
		<u>12,720</u>	<u>12,950</u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Production and Warehouse	53	50	-	-
Selling and Marketing	8	8	-	-
Administration	4	3	-	-
Total	65	61	-	-

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	1,922,132	1,776,828	-	-
Social security costs	178,879	158,877	-	-
Pension costs	94,908	89,520	-	-
Total	2,195,919	2,025,225	-	-

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	59,521	3,816

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	59,521	3,816
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8 Interest payable and similar expenses

	2022 £	2021 £
Other finance costs:		
Other interest	51	-

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	165,997	217,974

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation (Continued)

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	700	(20,900)
	<u>700</u>	<u>(20,900)</u>
Total tax charge	<u>166,697</u>	<u>197,074</u>

The actual 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	907,475	1,046,555
	<u>907,475</u>	<u>1,046,555</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	172,420	198,845
Tax effect of income not taxable in determining taxable profit	(66)	-
Fixed asset differences	(6,918)	(1,130)
Remeasurement of deferred tax for changes in tax rates	168	404
Deferred tax not recognised	1,093	(1,054)
Expenses not deductible for tax purposes	-	9
	<u>166,697</u>	<u>197,074</u>
Taxation charge	<u>166,697</u>	<u>197,074</u>

10 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Interim paid	240,000	265,000
	<u>240,000</u>	<u>265,000</u>

11 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 January 2022 and 31 December 2022	92,346
	<u>92,346</u>
Amortisation and impairment	
At 1 January 2022 and 31 December 2022	92,346
	<u>92,346</u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets (Continued)

Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

12 Tangible fixed assets

Group	Land and buildings Leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2022	73,741	1,950,615	333,002	2,357,358
Additions	-	131,036	32,912	163,948
Disposals	-	-	(21,883)	(21,883)
At 31 December 2022	73,741	2,081,651	344,031	2,499,423
Depreciation and impairment				
At 1 January 2022	73,741	1,794,154	293,514	2,161,409
Depreciation charged in the year	-	124,798	40,190	164,988
Eliminated in respect of disposals	-	-	(21,883)	(21,883)
At 31 December 2022	73,741	1,918,952	311,821	2,304,514
Carrying amount				
At 31 December 2022	-	162,699	32,210	194,909
At 31 December 2021	-	156,461	39,488	195,949

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	635,173	635,173

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 January 2022 and 31 December 2022

635,173

Carrying amount

At 31 December 2022

635,173

At 31 December 2021

635,173

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Panel Systems Limited	UK	Manufacture of panel components	Ordinary	100.00

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	620,406	659,929	-	-
Work in progress	9,946	-	-	-
	<u>630,352</u>	<u>659,929</u>	<u>-</u>	<u>-</u>

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	1,390,728	1,496,297	-	-
Prepayments and accrued income	184,002	158,610	-	-
	<u>1,574,730</u>	<u>1,654,907</u>	<u>-</u>	<u>-</u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Creditors: amounts falling due within one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade creditors	747,475	1,099,574	-	-
Amounts owed to group undertakings	-	-	397,445	397,445
Corporation tax payable	166,048	217,974	-	-
Other taxation and social security	252,015	308,057	-	-
Other creditors	16,090	20,286	-	-
Accruals and deferred income	62,702	61,194	-	-
	<u>1,244,330</u>	<u>1,707,085</u>	<u>397,445</u>	<u>397,445</u>

18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Group		
ACAs	<u>1,300</u>	<u>600</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	600	-
Charge to profit or loss	<u>700</u>	<u>-</u>
Liability at 31 December 2022	<u>1,300</u>	<u>-</u>

The deferred tax liability relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>94,908</u>	<u>89,520</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 10p each	229,500	229,500	22,950	22,950

21 Share premium account

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
At the beginning and end of the year	140,000	140,000	140,000	140,000

22 Capital redemption reserve

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
At the beginning and end of the year	37,051	37,051	37,051	37,051

23 Profit and loss reserves

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
At the beginning of the year	4,372,009	3,787,528	37,727	37,727
Profit for the year	740,778	849,481	240,000	265,000
Dividends	(240,000)	(265,000)	(240,000)	(265,000)
At the end of the year	4,872,787	4,372,009	37,727	37,727

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Operating lease commitments

Lessee

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	243,500	243,500	-	-
Between two and five years	538,454	703,446	-	-
In over five years	-	78,600	-	-
	<u>781,954</u>	<u>1,025,546</u>	<u>-</u>	<u>-</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	<u>39,819</u>	<u>-</u>	<u>-</u>	<u>-</u>

26 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	740,778	849,481
Adjustments for:		
Taxation charged	166,697	197,074
Finance costs	51	-
Investment income	(59,521)	(3,816)
Gain on disposal of tangible fixed assets	(6,000)	(10,000)
Depreciation and impairment of tangible fixed assets	164,988	197,436
Movements in working capital:		
Decrease/(increase) in stocks	29,577	(190,162)
Decrease/(increase) in debtors	80,177	(147,065)
(Decrease)/increase in creditors	(410,829)	147,013
Decrease in deferred income	-	(3,360)
Cash generated from operations	<u>705,918</u>	<u>1,036,601</u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Analysis of changes in net funds - group

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	3,768,910	149,517	3,918,427
	<u> </u>	<u> </u>	<u> </u>

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.