

Company Registration No. 02778086 (England and Wales)

PADLEY & VENABLES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

PADLEY & VENABLES LIMITED

COMPANY INFORMATION

Director	F M Brunner
Secretary	D Bradwell
Company number	02778086
Registered office	Callywhite Lane Dronfield Nr Sheffield S18 6XT
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD
Business address	Callywhite Lane Dronfield Nr Sheffield S18 6XT
Bankers	National Westminster Bank plc 42 High Street Sheffield S1 2GE

PADLEY & VENABLES LIMITED

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PADLEY & VENABLES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents the strategic report for the year ended 31 December 2020.

Fair review of the business

Our objective is to present a balanced and practical review of the development and performance of our business during the year and its position at the year end. Our review is intended to reflect the size and nature of our business and is written in the context of the risks and uncertainties we face.

The company is a manufacturer of specialised Bar Steels and Consumable Accessories for use in the Mining and Construction Industries throughout the World. The Company's activities are organised into two manufacturing divisions – Padley & Venables and Bedford Steels. In summary, the activities of the two divisions can be summarised as follows:-

Bedford Steels

Bedford Steels is a steel re-rolling facility, manufacturing a range of specialised Hollow and Solid Bar Sections for the Mining, Construction and General Engineering Industries. These products are supplied to manufacturers of consumable tools throughout the world.

Padley & Venables

Padley & Venables manufactures consumable tools for the Mining, Quarrying and Construction Industries. These products are divided into three main groups, Rock Drilling Accessories, Tools for boom mounted Breakers and Tools for hand held pneumatic/hydraulic Breakers. These products are marketed throughout the world, under two brand names, "P&V" and "Thomas Turton/Crossbow".

Key performance indicators

We consider that our key financial performance indicators are those that convey the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed.

Like any other business we set off 2020 with high hopes for the year ahead and the first quarter proved that our expectations were well founded. Then the pandemic hit, industries around the World had to take stock and business generally took a downturn. Fortunately for us this was short lived, only affecting the second quarter. The second half of the year saw normal order flows. With mineral prices rising towards the end of the year we finished the year with a very healthy order book and the prospect of another promising year ahead.

The company continues to pursue its strategy of continual investment in order to keep itself well positioned in an ever changing environment.

EBT decreased to £284k (2019: 367k). Return on capital employed has remained steady at 1% (2019: 1%). Total comprehensive income of £388k (2019: £678k) has been added to reserves.

On behalf of the board

F M Brunner
Director

14 September 2021

PADLEY & VENABLES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents his annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company is the manufacture of Drilling Equipment, Demolition Tools and Rolled Steel Products.

Director

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

F M Brunner

Results and dividends

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

Ordinary dividends were paid amounting to £833,205. The director does not recommend payment of a further dividend.

Auditor

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

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 company and of the profit or loss of the company 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 company will continue in business.

The director is 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. He is 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.

PADLEY & VENABLES LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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

F M Brunner

Director

14 September 2021

PADLEY & VENABLES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PADLEY & VENABLES LIMITED

Opinion

We have audited the financial statements of Padley & Venables Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

PADLEY & VENABLES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PADLEY & VENABLES LIMITED

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.

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 and the director's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of such regulations, including fraud. We designed audit procedures to respond to the risk, recognizing that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

We focused on laws and regulations relevant to the company which could give rise to a material misstatement due in the financial statements. Our testing included discussions with management, directors and those staff with direct responsibility for the compliance of laws and regulations, agreeing financial statement disclosures to underlying supporting documentation, and reviewing legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would be come aware of it.

PADLEY & VENABLES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PADLEY & VENABLES LIMITED

As part of our audit we addressed the risk of management override of internal controls, including testing of journals and review of the nominal ledger. We challenged assumptions and judgements made by management regarding significant accounting estimates. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 him 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.

Charles Ringrose (Senior Statutory Auditor)
For and on behalf of BHP LLP

14 September 2021

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

PADLEY & VENABLES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	20,840,170	21,340,267
Cost of sales		(16,767,710)	(17,161,875)
Gross profit		4,072,460	4,178,392
Distribution costs		(1,960,781)	(2,121,280)
Administrative expenses		(1,896,299)	(1,781,628)
Operating profit	4	215,380	275,484
Interest receivable and similar income	7	68,268	91,291
Profit before taxation		283,648	366,775
Tax on profit	8	(205,760)	(104,458)
Profit for the financial year		77,888	262,317

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

PADLEY & VENABLES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit for the year	77,888	262,317
	=====	=====
Other comprehensive income		
Actuarial gain on defined benefit pension schemes	383,000	501,000
Tax relating to other comprehensive income	(72,770)	(85,170)
	=====	=====
Other comprehensive income for the year	310,230	415,830
	=====	=====
Total comprehensive income for the year	388,118	678,147
	=====	=====

PADLEY & VENABLES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	11	5,347,976		5,750,441	
Investment properties	12	294,418		294,418	
		<u>5,642,394</u>		<u>6,044,859</u>	
Current assets					
Stocks	13	11,108,807		13,348,531	
Debtors	14	6,626,090		6,678,705	
Cash at bank and in hand		5,794,455		3,762,080	
		<u>23,529,352</u>		<u>23,789,316</u>	
Creditors: amounts falling due within one year	15	<u>(1,467,200)</u>		<u>(1,749,132)</u>	
Net current assets		<u>22,062,152</u>		<u>22,040,184</u>	
Total assets less current liabilities		<u>27,704,546</u>		<u>28,085,043</u>	
Provisions for liabilities		<u>(441,000)</u>		<u>(384,000)</u>	
Net assets excluding pension surplus		<u>27,263,546</u>		<u>27,701,043</u>	
Defined benefit pension surplus	20	<u>2,761,290</u>		<u>2,768,880</u>	
Net assets		<u><u>30,024,836</u></u>		<u><u>30,469,923</u></u>	
Capital and reserves					
Called up share capital	17	1,600,002		1,600,002	
Profit and loss reserves		<u>28,424,834</u>		<u>28,869,921</u>	
Total equity		<u><u>30,024,836</u></u>		<u><u>30,469,923</u></u>	

The financial statements were approved and signed by the director and authorised for issue on 14 September 2021

F M Brunner
Director

Company Registration No. 02778086

PADLEY & VENABLES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2019		1,600,002	29,191,774	30,791,776
Year ended 31 December 2019:				
Profit for the year		-	262,317	262,317
Other comprehensive income:				
Actuarial losses on defined benefit plans		-	501,000	501,000
Tax relating to other comprehensive income		-	(85,170)	(85,170)
Total comprehensive income for the year		-	678,147	678,147
Dividends	9	-	(1,000,000)	(1,000,000)
Balance at 31 December 2019		1,600,002	28,869,921	30,469,923
Year ended 31 December 2020:				
Profit for the year		-	77,888	77,888
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	383,000	383,000
Tax relating to other comprehensive income		-	(72,770)	(72,770)
Total comprehensive income for the year		-	388,118	388,118
Dividends	9	-	(833,205)	(833,205)
Balance at 31 December 2020		1,600,002	28,424,834	30,024,836

PADLEY & VENABLES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26	3,489,865		2,032,068	
Income taxes paid		(93,550)		(293,673)	
Net cash inflow from operating activities		<u>3,396,315</u>		<u>1,738,395</u>	
Investing activities					
Purchase of tangible fixed assets		(533,003)		(702,825)	
Proceeds on disposal of tangible fixed assets		2,000		3,500	
Interest received		268		291	
Net cash used in investing activities		<u>(530,735)</u>		<u>(699,034)</u>	
Financing activities					
Dividends paid		(833,205)		(1,000,000)	
Net cash used in financing activities		<u>(833,205)</u>		<u>(1,000,000)</u>	
Net increase in cash and cash equivalents		<u>2,032,375</u>		<u>39,361</u>	
Cash and cash equivalents at beginning of year		<u>3,762,080</u>		<u>3,722,719</u>	
Cash and cash equivalents at end of year		<u><u>5,794,455</u></u>		<u><u>3,762,080</u></u>	

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Padley & Venables Limited is a private company limited by shares incorporated in England and Wales. The registered office is Callywhite Lane, Dronfield, Nr Sheffield, S18 6XT.

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 on the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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.

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 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 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 land and buildings	2.5% straight line
Land and buildings Leasehold	2.5% straight line
Plant and machinery	5% - 16.6% straight line
Fixtures & fittings	16.6% straight line
Motor vehicles	25% 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.

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

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.

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.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.10 Financial instruments

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

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

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

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.

Impairment of financial assets

Financial assets 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. The impairment loss is recognised in profit or loss.

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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, 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.

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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.12 Taxation

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

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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 company'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 taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.13 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.

1.14 Retirement benefits

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover		
Sales	20,840,170	21,340,267

In the opinion of the directors the disclosure of the geographical analysis of turnover would be seriously prejudicial to the interests of the company. This information has therefore not been disclosed.

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(542,311)	(64,657)
Fees payable to the company's auditors for the audit of the company's financial statements	27,780	26,900
Depreciation of owned tangible fixed assets	935,468	922,411
Profit on disposal of tangible fixed assets	(2,000)	(3,500)
Operating lease charges	32,442	28,154

5 Employees

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

	2020	2019
	Number	Number
Production	149	151
Selling and administration	49	53
	198	204

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2020	2019
		£	£
	Wages and salaries	6,096,423	6,535,316
	Social security costs	556,547	628,842
	Pension costs	138,673	133,187
		<u>6,791,643</u>	<u>7,297,345</u>
		<u><u>6,791,643</u></u>	<u><u>7,297,345</u></u>
6	Director's remuneration		
		2020	2019
		£	£
	Remuneration for qualifying services	403,856	180,555
		<u>403,856</u>	<u>180,555</u>
		<u><u>403,856</u></u>	<u><u>180,555</u></u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
	Remuneration for qualifying services	403,856	180,555
		<u>403,856</u>	<u>180,555</u>
		<u><u>403,856</u></u>	<u><u>180,555</u></u>
7	Interest receivable and similar income		
		2020	2019
		£	£
	Interest income		
	Return on pension scheme asset	68,000	91,000
	Other interest income	268	291
		<u>68,268</u>	<u>91,291</u>
	Total income	<u><u>68,268</u></u>	<u><u>91,291</u></u>
8	Taxation		
		2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	121,187	58,450
	Adjustments in respect of prior periods	(20,101)	(33,389)
		<u>101,086</u>	<u>25,061</u>
	Total UK current tax	<u><u>101,086</u></u>	<u><u>25,061</u></u>
	Foreign current tax on profits for the current period	39,854	68,337
		<u>39,854</u>	<u>68,337</u>
	Total current tax	<u><u>140,940</u></u>	<u><u>93,398</u></u>

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	57,000	59,000
Decrease in pension provision	7,820	(47,940)

Total deferred tax	64,820	11,060
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Total tax charge	205,760	104,458
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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:

	2020 £	2019 £
Profit before taxation	283,648	366,775
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	53,893	69,687
Tax effect of expenses that are not deductible in determining taxable profit	16,352	1,922
Change in unrecognised deferred tax assets	(688)	(397)
Adjustments in respect of prior years	(20,101)	(33,389)
Other permanent differences	11,794	12,083
Other tax adjustments	-	10,021
Foreign tax	32,717	55,899
Effect of change in deferred tax rates	111,793	(11,368)
Tax expense for the year	205,760	104,458

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	72,770	85,170

9 Dividends

	2020 £	2019 £
Final paid	833,205	1,000,000

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2020 and 31 December 2020	379,109
Amortisation and impairment	
At 1 January 2020 and 31 December 2020	379,109
Carrying amount	
At 31 December 2020	-
At 31 December 2019	-

11 Tangible fixed assets

	Freehold land and buildings £	Land and buildings Leasehold £	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost						
At 1 January 2020	1,624,744	356,304	12,294,101	1,226,341	357,921	15,859,411
Additions	-	-	501,240	11,438	20,325	533,003
Disposals	-	-	-	-	(16,626)	(16,626)
At 31 December 2020	1,624,744	356,304	12,795,341	1,237,779	361,620	16,375,788
Depreciation and impairment						
At 1 January 2020	857,634	172,163	8,091,610	693,667	293,896	10,108,970
Depreciation charged in the year	40,620	8,908	789,537	57,106	39,297	935,468
Eliminated in respect of disposals	-	-	-	-	(16,626)	(16,626)
At 31 December 2020	898,254	181,071	8,881,147	750,773	316,567	11,027,812
Carrying amount						
At 31 December 2020	726,490	175,233	3,914,194	487,006	45,053	5,347,976
At 31 December 2019	767,110	184,141	4,202,491	532,674	64,025	5,750,441

12 Investment property

	2020 £
Fair value	
At 1 January 2020 and 31 December 2020	294,418

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Investment property

(Continued)

Had the property been valued in the accounts on a historical cost basis, it would be included at £294,418 (2019: £294,418).

13 Stocks

	2020 £	2019 £
Raw materials and consumables	4,476,344	6,016,080
Work in progress	1,660,074	2,052,473
Finished goods and goods for resale	4,972,389	5,279,978
	<u>11,108,807</u>	<u>13,348,531</u>

14 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	3,758,440	3,779,190
Corporation tax recoverable	179,249	226,639
Amounts owed by group undertakings	2,137,936	2,015,646
Other debtors	208,768	197,909
Prepayments and accrued income	341,697	459,321
	<u>6,626,090</u>	<u>6,678,705</u>

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	736,878	950,286
Amounts due to fellow group undertakings	61	61
Other taxation and social security	255,598	210,262
Other creditors	82,969	80,263
Accruals and deferred income	391,694	508,260
	<u>1,467,200</u>	<u>1,749,132</u>

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Deferred taxation

Deferred tax assets and liabilities are offset where the 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 2020 £	Liabilities 2019 £
Balances:		
ACAs	441,000	384,000
	<u>441,000</u>	<u>384,000</u>
Movements in the year:		2020 £
Liability at 1 January 2020		384,000
Charge to profit or loss		57,000
		<u>441,000</u>
Liability at 31 December 2020		<u>441,000</u>

17 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1,600,002	1,600,002	1,600,002	1,600,002
	<u>1,600,002</u>	<u>1,600,002</u>	<u>1,600,002</u>	<u>1,600,002</u>

18 Operating lease commitments

Lessee

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

	2020 £	2019 £
Within one year	15,136	22,704
Between two and five years	-	15,136
	<u>15,136</u>	<u>37,840</u>

19 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	139,950	246,930
	<u>139,950</u>	<u>246,930</u>

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Retirement benefits

The group operates a defined benefit pension scheme the assets of which are held in a separate trustee administered fund. A full actuarial valuation of the scheme was carried out as at 5 April 2019.

The valuation used for FRS 102 disclosures has been based on a full assessment of the assets of the scheme as at 31 December 2020.

Amounts recognised in the balance sheet

	2020 £000	2019 £000
Fair value of scheme assets	75,390	73,060
Present value of scheme liabilities	(56,255)	(51,533)
Surplus in the scheme	19,135	21,527
Effect of asset ceiling	(15,726)	(18,191)
Related deferred tax liability	3,409 (648)	3,336 (567)
Net pension surplus	2,761	2,769

Amounts recognised in the profit and loss account

	2020 £000	2019 £000
Current service cost	383	334
Net interest cost	(68)	(91)
Administrative costs	(5)	39
Net pension cost recognised in the profit and loss account	310	282

Amounts recognised in other comprehensive income

	2020	2019
Actuarial (gains) losses	5,796	1,378
Return on scheme assets (excluding interest income)	(3,341)	(5,214)
Changes in asset ceiling (excluding interest income)	(2,838)	3,335
Net (gain)/loss recognised in other comprehensive income	(383)	(501)

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Retirement benefits		(Continued)	
Change in scheme assets		2020	2019
		£000	£000
Fair value of scheme assets at 1 January 2020		73,060	68,468
Return on scheme assets (excluding interest income)		3,341	5,214
Insurance premiums for risk benefits		(11)	(13)
Member contributions		39	41
Benefits paid		(2,516)	(2,553)
Administrative costs		5	(39)
Interest income		1,472	1,942
Fair value of scheme assets at 31 December 2020		75,390	73,060
Total return on scheme assets		4,813	7,156
Change in scheme liabilities		2020	2019
		£000	£000
Scheme liabilities at 1 January 2020		51,533	50,912
Current service cost		365	334
Loss on curtailment/changes/introductions		18	-
Interest cost		1,031	1,434
Member contributions		39	41
Benefits paid		(2,516)	(2,553)
Insurance premiums for risk benefits		(11)	(13)
Actuarial gains		5,796	1,378
Scheme liabilities at 31 December 2020		56,255	51,533
Principal weighted average actuarial assumptions			
Assumptions used to determine the scheme liabilities:		%	%
Discount rate		1.45%	2.05%
Rate of salary increases		3.15%	3.20%
Rate of RPI price inflation		3.15%	3.20%
Rate of CPI price inflation		2.15%	2.20%
Rate of pension increases capped at 5% per annum		2.40%	2.25%
Assumptions used to determine the net pension cost:			
Discount rate		2.05%	2.89%
Rate of salary increases		3.20%	3.43%
Rate of RPI price inflation		3.20%	3.43%
Rate of CPI price inflation		2.15%	2.20%
Rate of pension increases capped at 5% per annum		2.25%	2.41%

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Retirement benefits

(Continued)

Life expectancy assumptions on the post retirement mortality table used to determine benefit obligations:

	2020 Years	2019 Years
Member age 65 (current life expectancy)	23.40	23.00
Member age 45 (life expectancy at age 65)	27.20	26.80

	2020 £000	2019 £000
Balance sheet reconciliation		
Surplus in the scheme at 1 January 2020	3,336	3,117
Recognised in the profit and loss account	(310)	(282)
Amounts recognised in other comprehensive income	383	501
Surplus in the scheme at 31 December 2020	<u>3,409</u>	<u>3,336</u>

Defined contribution scheme

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Employee and employer contributions totalling £1,227 (2019: £3,605) were payable to the fund at the year end and are included in creditors.

	2020 £000	2019 £000
Charged to profit and loss account	<u>139</u>	<u>133</u>

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	761,652	526,622

Transactions with related parties

	2020 £	2019 £
Aggregate sales made to group companies:	5,639,468	3,425,192

Brunner & Lay Inc.
Brunner Canada Inc.
Brunner & Lay Australia Pty

Aggregate purchases from group companies:	650,055	253,822
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Brunner & Lay Inc.
Brunner Canada Inc.

Freight recharges: Brunner & Lay Australia Pty	42,308	31,564
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The amounts owed by/ to other group companies at the year end are as follows:

Amounts owed to Padley & Venables Limited by:	2020 £	2019 £
Brunner & Lay Inc.	538,037	323,386
Brunner & Lay Australia Pty	1,599,899	1,692,260
	2,137,936	2,015,646

Amounts owed by Padley & Venables Limited to:	2020 £	2019 £
Brunner & Lay Inc.	61	61
	61	61

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Related party transactions

(Continued)

The company is owed £84,458 (2019: £89,272) by the Padley and Venables Pension Fund as at the year end.

22 Ultimate controlling party

The company's ultimate parent undertaking is Brunner & Lay International Limited, a company incorporated in the USA. This is the only group to incorporate the results of the company.

23 Directors' transactions

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
F M Brunner -	2.50	1,427	22,611	268	24,038	268
		<u>1,427</u>	<u>22,611</u>	<u>268</u>	<u>24,038</u>	<u>268</u>

24 Analysis of changes in net funds

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	3,762,080	2,032,375	5,794,455

25 Subsidiaries

The company has four subsidiaries at a total cost of investment of £8. The companies, which are registered in England and Wales, are as follows:-

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding
Bedford Rock Drill Components Limited	UK	Dormant
Crossbow Demolition Tools Limited	UK	Dormant
Crossbow Rock Drills Limited	UK	Dormant
Thomas Turton Limited	UK	Dormant

There is a 100% indirect shareholding in each subsidiary listed above.

PADLEY & VENABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

26 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	77,888	262,317
Adjustments for:		
Taxation charged	205,760	104,458
Investment income	(268)	(291)
Gain on disposal of tangible fixed assets	(2,000)	(3,500)
Depreciation and impairment of tangible fixed assets	935,468	922,411
Pension scheme non-cash movement	310,000	282,000
Movements in working capital:		
Decrease in stocks	2,239,724	819,725
Decrease in debtors	22,057	201,769
(Decrease) in creditors	(298,764)	(556,821)
Cash generated from operations	3,489,865	2,032,068

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.