

Registered number: 08659981

PEMBERSTONE VENTURES LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



PEMBERSTONE VENTURES LIMITED

COMPANY INFORMATION

Directors	A M Barker M A Anslow M A Reynolds D J Moore D A Williams (appointed 1 January 2020)
Company secretary	The Whittington Partnership LLP
Registered number	08659981
Registered office	Whittington Hall Whittington Road Worcester WR5 2ZX
Independent auditors	Hurst Accountants Limited Chartered Accountants and Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Lancashire SK1 1TD

PEMBERSTONE VENTURES LIMITED

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PEMBERSTONE VENTURES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Business review

The group's principal activities during the year continued to include manufacturing and distribution across a broad range of sectors and industries.

During the year, the Group issued shares in existing subsidiary undertakings to non-controlling interests for cash proceeds totalling £7,000. As a result of these transactions the share of net assets pertaining to non-controlling interests decreased by £25,269 and the share of net assets pertaining to owners of the parent company increased by £32,269.

The Group has continued to develop its subsidiaries throughout the year with focussed investment being directed towards improving long-term sustainable profits and cash generation.

Whilst the Group made no disposals during the current or prior year, it did sell its development stock in the prior year and, in the absence of any future plans in this activity, the directors consider this to be a discontinued operation. The impact on the Consolidated Statement of Comprehensive Income is therefore separately disclosed for both the current and prior year. Further details are included in note 27 of the financial statements.

Aside from further development of properties for resale which has been assessed as a discontinued activity, the Group intends to continue with its current business strategy for the foreseeable future. Further specific details of future developments are included in the Directors' Report.

The full results for the year are set out in the Consolidated Statement of Comprehensive Income on pages 12 - 13.

In March 2020, the COVID-19 outbreak was classed as a global pandemic, and on 23 March 2020, the Prime Minister of the UK ordered that the country be placed into a "lockdown" whereby all non-essential workplaces, had to close. The directors have reviewed the cash flow forecasts for the Pemberstone Ventures group of companies and are satisfied that there is sufficient cash generation forecast to settle the group's debts as they fall due.

The directors have prepared these accounts on the fundamental assumption that the Group is a going concern.

PEMBERSTONE VENTURES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly grouped as set out below.

Competitive risk

The group is faced with normal competitive risks associated with UK and European operations. Each company in the group holds a strong niche position in its own market place and competes with a variety of different competitors. Each company monitors the forward flow of business opportunities and the activities of key competitors so as to adjust operational tactics and strategy accordingly.

Legislative and compliance risk

The group seeks to ensure that its operations at all times comply with the latest legislative requirements across all aspects of each business. Furthermore, each company ensures that it maintains compliance with all customer requirements so as to ensure successful long term customer relationships.

Technological risk

The group aims to constantly monitor the technical qualities of its products to ensure they meet or exceed the latest industry standards for each applicable sector. Research and development investment is considered vital to ensuring the future competitiveness of each company's products and the security of future cash flows.

Liquidity risk

Each company controls its own working capital cycle requirements through the use of effective working capital management processes in addition to the provision of funding from commercial banks (overdrafts, short term loans and invoice discounting), the group and other associated entities. Risk is mitigated by the use of regular cash flow forecasting to monitor compliance with lending covenants and ensure the efficient recycling of working capital.

Financial instrument risk

Certain companies use derivatives to manage the risk of volatility associated with the sale and purchase of foreign currencies and certain raw materials. The instruments used include foreign exchange and material forward purchase contracts which seek to limit the risk of material conversion differences on a rolling monthly forward basis and are used to provide protection for a portion of total currency or material purchase price risks. Hedge accounting is used where certain criteria are met as explained in the accounting policies notes on page 30.

Covid-19

In March 2020, the COVID-19 outbreak was classed as a global pandemic, and on 23 March 2020, the Prime Minister of the UK ordered that the country be placed into a "lockdown" whereby all non-essential workplaces, had to close. The directors immediately took actions to safeguard the business of the Group's undertakings, including the utilisation of the government's furlough scheme, increased focus on short-term rolling cash flow forecasting and diligent working capital management around stock, debtors and creditors in light of the challenges the business faced. Following the relaxation of lockdown restrictions from June 2020, trade has begun to improve. The directors have reviewed the cash flow forecasts for the Pemberstone Ventures group of companies and are satisfied that there is sufficient cash generation forecast to settle the group's debts as they fall due.

PEMBERSTONE VENTURES LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

The key financial and other performance indicators during the year were as set out below.

	2019 £'000	2018 £'000	Change £'000	Change %
Financial key performance indicators (continuing operations)				
Turnover	55,324	49,421	5,903	12
Operating profit	4,239	4,490	(251)	(6)
EBITDA	5,940	5,665	275	5
Cash & cash equivalents	1,414	2,441	(1,027)	(42)
Non-financial key performance indicators				
Employee numbers	443	406	37	9

PEMBERSTONE VENTURES LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Turnover from continuing operations for the Group increased by 12% during the year to £55,324k (2018 - £49,121k), with most subsidiary undertakings exhibiting revenue growth.

Notable growth was apparent in respect of:

Harman Technology Limited (a £1,195k increase in year on year revenue as the resurgence of analogue photography continues, with encouraging growth in markets outside the EU);

Ingenious Locks & Hardware Limited (a £565k increase in year on year revenue as the Company continues to gain market share in the UK window and door hardware market); and

Maxim Industries Limited (a £291k increase in year on year revenue as the Company continues to focus on developing higher margin opportunities in the sourcing of mechanical and electrical components).

Operating profit from continuing operations decreased by 6% to £4,239k (2018 - £4,490k), although this was significantly the result of amortisation of goodwill in the year of £506k charged to the Consolidated Statement of Comprehensive Income and compares to a prior year credit of £125k. EBITDA year on year increased 5% to £5,940k (2018 - £5,665k).

Underlying trading profitability was influenced by the annualised impact of the PVL(19) group of companies giving rise to an increase in group operating profit of £1,161k. This was offset by raw material and direct cost inflation challenges across a number of businesses, but particularly impacting at Harman Technology (a £530k decrease in operating profit year on year) and Synthotec (a £183k decrease in operating profit year on year).

The group continues to invest in water quality management solutions in Intellitect Water, resulting in additional operating losses of £325k year on year.

An amortisation charge of £507k (2018 - £125k credit) is the result of negative goodwill on the acquisition of Harman Technology in 2015 being fully amortised in the year and a full year charge in respect of goodwill arising on the acquisition of the PVL(19) group of companies in the prior year.

Profit before tax from continuing operations for the Group decreased by 14.6% to £3,437k (2018 - £4,023k) primarily for the reasons stated above.

A net credit to the Consolidated Statement of Comprehensive Income of £169k (2018 - £554k charge) comprises losses of £111k (2018 - £21k gain) on consolidation of overseas entities (principally Synthotec Slovakia s.r.o.) and credits to hedging reserves in respect of FX contracts of £280k (2017 - £575k charge) arising primarily in Harman Technology Limited.

This report was approved by the board on 30 September 2020 and signed on its behalf.



M A Anslow
For and on behalf of
The Whittington Partnership LLP
Secretary

PEMBERSTONE VENTURES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 will continue in business.

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

The Companies Act 2006 section 172 requires the directors to act in a way that they consider, in good faith, promotes the success of the Group for the benefits of its members as a whole. As detailed in the Business Review, the directors focus on investment, including in its employees, directed towards improving long-term sustainable profits and cash generation. Employee involvement, as detailed in this Directors' Report, is actively encouraged. Environmental initiatives and striving to minimise wastage is actively encouraged at all levels of the Group. Regular communication and key account management is practiced across the Group for customers and suppliers alike, incorporating collaborative working, process improvement and regular site visits both in the UK and overseas to maintain a current awareness and knowledge of the wider impact of the Group's business.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £2,869,715 (2018 - £7,763,095).

Ordinary dividends of £1,557,229 (2018 - £975,000) were paid during the year to shareholders of the parent company..

Directors

The directors who served during the year were:

A M Barker
M A Anslow
D C Annetts (resigned 1 July 2020)
M A Reynolds
D J Moore

PEMBERSTONE VENTURES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Future developments

The key areas of future development across the Group are as set out below.

Secura Labels Limited

The Company has invested in both a digital printing capability and modernised machine capability to enhance its quality, efficiency and service levels as part of its ongoing drive to exceed customer expectations.

The Georgian Bar Company Limited

The Company is expanding growth opportunities for its window products through the development of overseas markets which are expected to continue to come on stream during 2020 into 2021.

Synthotec Group Limited

The Company aims to maintain its strategy of developing new products for its existing customer base and new customers. Recent successes in growing the pipeline of new tooling orders has resulted in a strong order book and the Company is expected to increase its revenues and profits in the forthcoming year in both the UK and its expanded Slovakian factory.

Talisman Plastics Limited

The Company aims to maintain its strategy of developing new products for its existing customer base and new customers. The Company has invested in new plant and machinery and continues to strengthen its management team as part of its growth plans for the forthcoming year.

Maxim Industries Limited

The Company continues to focus its activities on higher margin opportunities as well as looking to expand and diversify its customer base.

Ingenious Locks and Hardware Limited

The Company continues to grow market share with the development of a quality core product range for the window and door hardware market.

Intellitect Water Limited

The Company continues to enhance and deploy a water quality management solution enabling real time, network wide quality and flow management capability to customers on a worldwide basis. Work is continuing with major water companies to prove the system capability and thereby deliver a commercial solution in 2020 through 2021.

Harman Technology Limited

The Company is actively developing its core infrastructure through investment in personnel and technologies in order to take advantage of the strength of the core Ilford brand. Additional product lines are being investigated around the core skill set of silver chemistry and are detailed in Research and Development activities below.

Loughborough Projects Limited

Following its acquisition by the Group, the Company continues to invest in infrastructure and personnel to service its key customers with a core product range.

PEMBERSTONE VENTURES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Pemberstone Developments Limited

The Company has wound down its remaining operations following the sale of its development stock during the prior year.

Research and development activities

The Group carries out research and development in a number of its subsidiaries as set out below.

Intellitect Water Limited

The Company continues to improve and develop its "in-pipe" water measuring equipment (the Intellisonde) and network data and management systems in order to enable water companies worldwide to achieve network wide remote water quality management solutions.

Harman Technology Limited

The Company has continued to invest in research and development with projects researched in areas such as raw materials and substrate coatings for printed electronics. All of these projects are based on the core strength within the business with regards to silver chemistry. The directors regard these projects as important in reducing the long term reliance on the traditional core photographic business.

The Georgian Bar Company Limited

The Company continues to develop its products to comply with differing performance requirements in overseas markets as it expands its export business.

Ingenious Locks and Hardware Limited

The Company is expanding its core product range through the design and development of new locking mechanisms and ancillary products for the window and door hardware market.

Talisman Plastics Limited

The Company continues to develop new tooling to provide customers with leading manufacturing processes and equipment.

Synthotec Limited

The Company continues to develop new tooling for use in manufacturing processes as well as innovative new products in the automotive bearings sector.

Loughborough Projects Limited

The Company continues to develop solutions and applications for load monitoring systems on plant and equipment.

Employee involvement

Throughout the group employees are informed on a regular basis of production levels and relative production performance. Communication is both verbal and through visual means such as regularly updated notice boards, with involvement and interaction encouraged wherever possible.

PEMBERSTONE VENTURES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Matters covered in the Group Strategic Report

The directors consider the financial risk management, liquidity and other factors having a bearing on cash flow risk facing the group to be of strategic importance, and accordingly present this information in the Group Strategic Report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

In March 2020, the COVID-19 outbreak was classed as a global pandemic, and on 23 March 2020, the Prime Minister of the UK ordered that the country be placed into a "lockdown" whereby all non-essential workplaces, had to close. The directors immediately took actions to safeguard the business of the Group's subsidiary undertakings.

There have been no further significant events affecting the Group since the year end.

Auditors

The auditors, Hurst Accountants Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 September 2020 and signed on its behalf.



M A Anslow
For and on behalf of
The Whittington Partnership LLP
Secretary

PEMBERSTONE VENTURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEMBERSTONE VENTURES LIMITED

Opinion

We have audited the financial statements of Pemberstone Ventures Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent Company's affairs as at 31 December 2019 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

PEMBERSTONE VENTURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEMBERSTONE VENTURES LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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.

PEMBERSTONE VENTURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEMBERSTONE VENTURES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.

Hurst Accountants Limited

Mike Jackson (Senior Statutory Auditor)

For and on behalf of

Hurst Accountants Limited

Chartered Accountants and Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Lancashire

SK1 1TD

Date: *30 September 2020*

PEMBERSTONE VENTURES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Continuing operations 2019 £	Discontin'd operations 2019 £	Total 2019 £	Continuing operations 2018 £	Discontin'd operations 2018 £	Total 2018 £
Turnover	4	55,324,473	-	55,324,473	49,420,687	5,044,491	54,465,178
Cost of sales		(35,164,651)	(2,391)	(35,167,042)	(31,708,851)	(3,418,118)	(35,126,969)
Gross profit		20,159,822	(2,391)	20,157,431	17,711,836	1,626,373	19,338,209
Distribution costs		(1,885,216)	-	(1,885,216)	(1,807,526)	-	(1,807,526)
Administrative expenses		(14,129,377)	(1,044)	(14,130,421)	(11,596,168)	(108,755)	(11,704,923)
Exceptional administrative expenses		-	-	-	-	1,119,971	1,119,971
Other operating income	5	212,517	-	212,517	203,288	-	203,288
Other operating charges		(119,147)	-	(119,147)	(21,759)	-	(21,759)
Operating profit	6	4,238,599	(3,435)	4,235,164	4,489,671	2,637,589	7,127,260
Interest receivable and similar income	9	1,963	50	2,013	1,278	492	1,770
Interest payable and expenses	10	(803,324)	-	(803,324)	(468,081)	2,059,498	1,591,417
Profit before taxation		3,437,238	(3,385)	3,433,853	4,022,868	4,697,579	8,720,447
Tax on profit	11	(123,409)	724	(122,685)	(109,025)	(328,831)	(437,856)
Profit for the financial year		3,313,829	(2,661)	3,311,168	3,913,843	4,368,748	8,282,591
Exchange movements				(111,491)			21,226
Movements on hedging reserves				280,443			(574,828)
Other comprehensive income for the year				168,952			(553,602)

PEMBERSTONE VENTURES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Total comprehensive income for the year			<u>3,480,120</u>			<u>7,728,989</u>
Profit for the year attributable to:						
Non-controlling interests	441,453	-	441,453	519,496	-	519,496
Owners of the parent Company	2,872,376	(2,661)	2,869,715	3,394,347	4,368,748	7,763,095
	<u>3,313,829</u>	<u>(2,661)</u>	<u>3,311,168</u>	<u>3,913,843</u>	<u>4,368,748</u>	<u>8,282,591</u>
Total comprehensive income for the year attributable to:						
Non-controlling interest			423,602			442,691
Owners of the parent Company			3,056,518			7,286,298
			<u>3,480,120</u>			<u>7,728,989</u>

The notes on pages 25 to 56 form part of these financial statements.

PEMBERSTONE VENTURES LIMITED
REGISTERED NUMBER: 08659981

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Positive goodwill	14	5,950,351	6,729,252
Negative goodwill	14	-	(246,731)
		<u>5,950,351</u>	<u>6,482,521</u>
 Tangible fixed assets	 15	 <u>5,454,583</u>	 <u>5,439,822</u>
		<u>11,404,934</u>	<u>11,922,343</u>
Current assets			
Stocks	17	10,959,719	10,957,146
Debtors: amounts falling due after more than one year	18	167,008	186,207
Debtors: amounts falling due within one year	18	11,125,109	11,295,468
Cash at bank and in hand	19	1,466,811	2,493,316
		<u>23,718,647</u>	<u>24,932,137</u>
Creditors: amounts falling due within one year	20	(17,548,736)	(19,952,649)
Net current assets		<u>6,169,911</u>	<u>4,979,488</u>
Total assets less current liabilities		<u>17,574,845</u>	<u>16,901,831</u>
Creditors: amounts falling due after more than one year	21	(2,634,891)	(3,813,403)
Provisions for liabilities			
Deferred taxation	24	(427,250)	(334,093)
		<u>(427,250)</u>	<u>(334,093)</u>
Net assets		<u><u>14,512,704</u></u>	<u><u>12,754,335</u></u>

PEMBERSTONE VENTURES LIMITED
REGISTERED NUMBER: 08659981

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	25	1,349	1,349
Share premium account	26	9,951	9,951
Capital redemption reserve	26	676,000	676,000
Foreign exchange reserve	26	50,182	161,673
Other reserves	26	(52,052)	(350,346)
Profit and loss account	26	12,097,018	11,300,339
Equity attributable to owners of the parent Company		12,782,448	11,798,966
Non-controlling interests		1,730,256	955,369
		14,512,704	12,754,335

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
30 September 2020



M A Anslow
Director



D A Williams
Director

The notes on pages 25 to 56 form part of these financial statements.

PEMBERSTONE VENTURES LIMITED
REGISTERED NUMBER: 08659981

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	16	1,300	1,300
		<u>1,300</u>	<u>1,300</u>
Current assets			
Debtors: amounts falling due within one year	18	633,208	175,008
Cash at bank and in hand	19	1,824	9,994
		<u>635,032</u>	<u>185,002</u>
Creditors: amounts falling due within one year	20	(20)	(14)
Net current assets		<u>635,012</u>	<u>184,988</u>
Total assets less current liabilities		<u>636,312</u>	<u>186,288</u>
Net assets		<u><u>636,312</u></u>	<u><u>186,288</u></u>
Capital and reserves			
Called up share capital	25	1,349	1,349
Share premium account	26	9,951	9,951
Profit and loss account brought forward		174,988	24,927
Profit for the year		2,007,253	1,125,061
Other changes in the profit and loss account		<u>(1,557,229)</u>	<u>(975,000)</u>
Profit and loss account carried forward		<u>625,012</u>	<u>174,988</u>
		<u><u>636,312</u></u>	<u><u>186,288</u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
30 September 2020



M A Anslow
Director



D A Williams
Director

The notes on pages 25 to 56 form part of these financial statements.

PEMBERSTONE VENTURES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2019	1,349	9,951	676,000	161,673	(350,346)	11,300,339	11,798,966	955,369	12,754,335
Profit for the year	-	-	-	-	-	2,869,715	2,869,715	441,453	3,311,168
Exchange movements	-	-	-	(111,491)	-	-	(111,491)	-	(111,491)
Movements on hedging reserves	-	-	-	-	298,294	-	298,294	(17,851)	280,443
Total comprehensive income for the year	-	-	-	(111,491)	298,294	2,869,715	3,056,518	423,602	3,480,120
Dividends: Equity capital	-	-	-	-	-	(1,557,229)	(1,557,229)	-	(1,557,229)
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	(171,522)	(171,522)
Changes in non-controlling interests	-	-	-	-	-	32,269	32,269	(25,269)	7,000
Other movements in non- controlling interests	-	-	-	-	-	(548,076)	(548,076)	548,076	-
At 31 December 2019	1,349	9,951	676,000	50,182	(52,052)	12,097,018	12,782,448	1,730,256	14,512,704

The notes on pages 25 to 56 form part of these financial statements.

PEMBERSTONE VENTURES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Changes in the proportion of non-controlling interests in certain subsidiary undertakings has resulted in a decrease in non-controlling interests of £25,269 and an increase in equity attributable to owners of the parent company of £32,269.

Other movements in non-controlling interests, resulting in an increase in non-controlling interests of £548,076 and a decrease in equity attributable to owners of the parent of £548,076, relate to net liabilities in certain subsidiary undertakings not recoverable from non-controlling interests.

PEMBERSTONE VENTURES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2018	1,349	9,951	676,000	140,447	192,208	4,435,949	5,455,904	754,531	6,210,435
Profit for the year	-	-	-	-	-	7,763,095	7,763,095	519,496	8,282,591
Exchange movements	-	-	-	21,226	-	-	21,226	-	21,226
Movements on hedging reserves	-	-	-	-	(498,023)	-	(498,023)	(76,805)	(574,828)
Total comprehensive income for the year	-	-	-	21,226	(498,023)	7,763,095	7,286,298	442,691	7,728,989
Dividends: Equity capital	-	-	-	-	-	(975,000)	(975,000)	-	(975,000)
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	(197,733)	(197,733)
Changes in non-controlling interests	-	-	-	-	(44,531)	76,295	31,764	(1,077,904)	(1,046,140)
Non-controlling interests arising on acquisitions	-	-	-	-	-	-	-	1,033,784	1,033,784
At 31 December 2018	1,349	9,951	676,000	161,673	(350,346)	11,300,339	11,798,966	955,369	12,754,335

The notes on pages 25 to 56 form part of these financial statements.

PEMBERSTONE VENTURES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Non-controlling interests of £1,033,784 arose on the acquisition of subsidiary undertakings.

Changes in non-controlling interests as a result of changes in business combinations resulted in a decrease in non-controlling interests of £1,040,648 and a decrease in equity attributable to owners of the parent company of £5,492.

Changes in non-controlling interests as a result of changes in share rights resulted in a decrease in non-controlling interests of £37,256 and an increase in equity attributable to owners of the parent company of £37,256.

PEMBERSTONE VENTURES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	1,349	9,951	174,988	186,288
Profit for the year	-	-	2,007,253	2,007,253
Dividends: Equity capital	-	-	(1,557,229)	(1,557,229)
At 31 December 2019	1,349	9,951	625,012	636,312

The notes on pages 25 to 56 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	1,349	9,951	24,927	36,227
Profit for the year	-	-	1,125,061	1,125,061
Dividends: Equity capital	-	-	(975,000)	(975,000)
At 31 December 2018	1,349	9,951	174,988	186,288

The notes on pages 25 to 56 form part of these financial statements.

PEMBERSTONE VENTURES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	3,311,170	8,282,591
Adjustments for:		
Amortisation of intangible assets	506,503	(124,541)
Depreciation of tangible assets	1,194,665	1,300,023
Loss on disposal of tangible assets	(2,363)	(523)
Government grants	(5,869)	(26,356)
Interest paid	803,323	(1,591,418)
Interest received	(2,013)	(1,770)
Taxation charge	122,685	437,857
(Increase)/decrease in stocks	(2,575)	2,167,777
Decrease/(increase) in debtors	201,290	(732,028)
(Decrease)/increase in creditors	(828,484)	237,225
Corporation tax (paid)/received	(179,973)	164,613
Net cash generated from operating activities	<u>5,118,359</u>	<u>10,113,450</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,328,610)	(1,096,037)
Sale of tangible fixed assets	36,131	522
Proceeds from sales of investments	7,000	64,000
Purchase of fixed asset investments	-	(2,166,957)
Interest received	2,013	1,770
HP interest paid	(25,623)	(58,277)
Net cash from investing activities	<u>(1,309,089)</u>	<u>(3,254,979)</u>

PEMBERSTONE VENTURES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from financing activities		
Repayment of loans	-	(781,450)
Other new loans	-	3,017,150
Repayment of other loans	(2,706,619)	(5,804,507)
Net repayment of finance leases	(281,467)	(339,162)
Movements on invoice discounting	595,687	(756,909)
Dividends paid	(1,557,229)	(975,000)
Interest paid	(715,299)	(508,170)
Dividends paid to non controlling interests	(171,522)	(197,733)
Net cash used in financing activities	(4,836,449)	(6,345,781)
Net (decrease)/increase in cash and cash equivalents	(1,027,179)	512,690
Cash and cash equivalents at beginning of year	2,440,704	1,928,014
Cash and cash equivalents at the end of year	1,413,525	2,440,704
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,466,811	2,493,316
Bank overdrafts	(53,286)	(52,612)
	1,413,525	2,440,704

The notes on pages 25 to 56 form part of these financial statements.

PEMBERSTONE VENTURES LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	2,493,316	(1,026,505)	-	1,466,811
Bank overdrafts	(52,612)	(674)	-	(53,286)
Debt due after 1 year	(3,333,333)	-	958,333	(2,375,000)
Debt due within 1 year	(13,328,015)	2,085,758	(958,333)	(12,200,590)
Finance leases	(684,680)	279,406	-	(405,274)
	<u>(14,905,324)</u>	<u>1,337,985</u>	<u>-</u>	<u>(13,567,339)</u>

The notes on pages 25 to 56 form part of these financial statements.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The Company is a private company limited by shares and is incorporated in England with company number 08659981.

The address of the Company's registered office and principal place of business is Whittington Hall, Whittington Road, Worcester, WR5 2ZX.

The nature of the Company's operations and its principal activity is that of a holding company. Details of the nature of operations and principal activities of other companies in the Group are included in the Group Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

Merger accounting was used to record the acquisition of Pemberstone Ventures (2013) Limited by Pemberstone Ventures Limited during 2013 as this was permitted at this time.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

In March 2020, the COVID-19 outbreak was classed as a global pandemic, and on 23 March 2020, the Prime Minister of the UK ordered that the country be placed into a "lockdown" whereby all non-essential workplaces, had to close. The directors immediately took actions to safeguard the business of the Company's subsidiary undertakings.

Following the relaxation of lockdown restrictions from June 2020, trade has begun to improve. The directors have reviewed the cash flow forecasts for the Pemberstone Ventures group of companies and are satisfied that there is sufficient cash generation forecast to settle the Group's debts as they fall due. Accordingly, the directors have prepared these financial statements on the fundamental assumption that the Group and Company is a going concern.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is provided on the following basis:

Long-term leasehold property	- 7 years
Short-term leasehold property	- 5 years
Plant and machinery	- Up to 10 years
Motor vehicles	- 4-5 years
Fixtures and fittings	- 3-5 years
Office equipment	- 3-5 years

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Assets under construction are only subject to depreciation at the point that they are brought into use. The carrying value is reviewed periodically and if any assets are unlikely to generate future economic benefit they are subject to impairment accordingly.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

Development stock represents development land and buildings which is included in the accounts at the lower of cost and net realisable value. Cost for this purpose comprises the purchase of land and buildings and associated development expenditure.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.9 Debtors

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

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.11 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, such as 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. The Group applies hedge accounting for foreign exchange derivatives, with the fair value adjustment being taken to a hedging reserve.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Hedge accounting

The Group uses foreign currency forward contracts to manage its exposure to exchange rate risk on its trade debtors and trade creditors. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.17 Operating leases: the Group as lessor

Rental income from operating leases is credited to the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.18 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.19 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.20 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.21 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.22 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.23 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.24 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.25 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are not discounted.

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.26 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.27 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.28 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", as the figures for the Company appear within the Consolidated Statement of Cash Flows presented within these financial statements:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following have the most significant effect on amounts recognised in the financial statements:

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the directors perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value calculation is based on the best observable data to support an arm's length transaction less incremental costs of disposal. The value in use calculation is based on a discounted cash flow test.

Assets under construction

Assets under construction are valued at cost and only depreciated once they are complete and brought into operational usage. During the period of construction, the directors consider whether or not any impairment is required, on an annual basis, dependant on whether any event or change of circumstances indicate that the carrying value may not be recoverable. At 31 December 2019 the carrying value of assets under construction was £874,131 (2018 - £287,723).

Tooling

Certain moulding and pressing tools are owned by the group but used by third party manufacturers and are capitalised then amortised over their useful economic life subject to a maximum of 5 years. Any tooling which is not in productive use is written down to nil value. At 31 December 2019 the carrying value of tooling was £143,428 (2018 - £197,435).

Goodwill

Goodwill acquired on each business combination is capitalised on the balance sheet and amortised over its expected useful economic life or ten years, whichever is the shorter. Goodwill acquired in a business combination is, from the date of acquisition, allocated against the cash generating units expected to benefit from the combination. If any business unit containing unamortised goodwill is disposed of then the remaining unamortised goodwill is taken into account in calculating the profit or loss on sale or discontinuance. At 31 December 2019 the carrying value of positive goodwill was £5,950,351 (2018 - £6,729,252) and the carrying value of negative goodwill was £Nil (2018 - £246,731).

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies (continued)

Taxation

The group establishes provisions based on reasonable estimates of tax liabilities based upon the accounting results of each company in the group. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. At 31 December 2019 the carrying value of deferred tax assets was £167,008 (2018 - £186,207) and the carrying value of deferred tax liabilities was £427,250 (2018 - £334,093). Further details are contained in note 24.

Where claims are made for tax relief for Research and Development costs these are accounted for as tax provisions or assets to the extent that claims are expected to be recovered. The impact on the current year tax charge from Research and Development costs was a credit of £537,590 (2018 - £584,610 credit).

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Supply of engineered electrical and mechanical parts	18,045,843	13,011,261
Precision injection moulding	6,926,738	7,175,751
Engineering products for the plastics industry	4,759,790	4,710,929
Specialist label printing	2,158,118	1,864,219
Manufacture of photographic film and related products	22,387,586	21,192,467
Sale of development stock	-	5,044,491
Other	1,046,398	1,466,060
	<u>55,324,473</u>	<u>54,465,178</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	23,171,343	25,145,093
Rest of Europe	15,786,437	15,351,509
Rest of the World	16,366,693	13,968,576
	<u>55,324,473</u>	<u>54,465,178</u>

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Other operating income

	2019 £	2018 £
Other operating income	206,399	172,960
Royalties receivable	249	3,972
Government grants receivable	5,869	26,356
	<u>212,517</u>	<u>203,288</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Research & development charged as an expense	232,766	345,114
Exchange differences	481,309	(314,250)
Other operating lease rentals	<u>1,716,107</u>	<u>1,685,164</u>

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Wages and salaries	12,526,325	11,528,062	-	-
Social security costs	1,259,364	1,068,979	-	-
Cost of defined contribution scheme	476,161	259,990	-	-
	<u>14,261,850</u>	<u>12,857,031</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	<i>2018 No.</i>
Production	306	277
Administration	100	94
Sales	37	35
	<u>443</u>	<u>406</u>

The average monthly number of employees in the Company during the year was 0 (2018 - 0).

8. Directors' remuneration

During the year, no director of the Company received any emoluments (2018 - £Nil) from either the Company or any subsidiary undertaking.

Key management remuneration is included in note 31.

9. Interest receivable

	2019 £	<i>2018 £</i>
Other interest receivable	2,013	1,770
	<u>2,013</u>	<u>1,770</u>

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	156,645	174,867
Other loan interest payable	621,056	(1,824,562)
Finance leases and hire purchase contracts	25,623	58,278
	<u>803,324</u>	<u>(1,591,417)</u>

Included in other loan interest payable are amounts totalling £Nil (2018 - £2,596,788) credited to the Consolidated Statement of Comprehensive Income in respect of accrued interest that has been released following the disposal of the assets to which the loans related and where the disposal proceeds were not sufficient to make repayment in full. Formal deeds of release have been provided by the lender. Further details are provided in note 31.

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	18,928	31,829
Adjustments in respect of previous periods	(52,964)	(68,038)
	<u>(34,036)</u>	<u>(36,209)</u>
Foreign tax		
Foreign tax on income for the year	39,063	71,611
	<u>39,063</u>	<u>71,611</u>
Total current tax	<u>5,027</u>	<u>35,402</u>
Deferred tax		
Origination and reversal of timing differences	137,280	363,509
Adjustments in respect of previous periods	(19,622)	38,945
Total deferred tax	<u>117,658</u>	<u>402,454</u>
Taxation on profit on ordinary activities	<u>122,685</u>	<u>437,856</u>

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>3,433,853</u>	<u>8,720,447</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	652,432	1,656,885
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	77,697	(42,299)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,267	9,074
Income not taxable, other than goodwill and impairment	-	(529,883)
Capital allowances for year in excess of depreciation	(7,344)	(4,784)
Utilisation of tax losses	(6,352)	(44,771)
Higher rate taxes on overseas earnings	11,161	7,337
Adjustments to tax charge in respect of prior periods	(72,586)	(29,093)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(537,590)	(584,610)
Total tax charge/(credit) for the year	<u>122,685</u>	<u>437,856</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Dividends

	2019 £	2018 £
Ordinary 'B' shares		
Dividends paid to shareholders of the parent company	1,330,229	940,000
Ordinary 'D' shares		
Dividends paid to shareholders of the parent company	120,000	-
Ordinary 'E' shares		
Dividends paid to shareholders of the parent company	107,000	35,000
	<u>1,557,229</u>	<u>975,000</u>

13. Exceptional items

	2019 £	2018 £
Release of other loans	-	(1,119,971)
	<u>-</u>	<u>(1,119,971)</u>

Exceptional items relate to amounts credited to the Consolidated Statement of Comprehensive Income in respect of other loan balances that have been released following the disposal of the assets to which the loans related and where the disposal proceeds were not sufficient to make repayment in full. Formal deeds of release have been provided by the lender. Further details are provided in note 31.

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Intangible assets

Group

	Patents £	Goodwill £	Negative goodwill £	Total £
Cost				
At 1 January 2019	4,651	7,982,359	(3,499,484)	4,487,526
Additions	-	(25,667)	-	(25,667)
At 31 December 2019	<u>4,651</u>	<u>7,956,692</u>	<u>(3,499,484)</u>	<u>4,461,859</u>
Amortisation				
At 1 January 2019	4,651	1,253,107	(3,252,753)	(1,994,995)
Charge for the year	-	753,234	(246,731)	506,503
At 31 December 2019	<u>4,651</u>	<u>2,006,341</u>	<u>(3,499,484)</u>	<u>(1,488,492)</u>
Net book value				
At 31 December 2019	<u>-</u>	<u>5,950,351</u>	<u>-</u>	<u>5,950,351</u>
At 31 December 2018	<u>-</u>	<u>6,729,252</u>	<u>(246,731)</u>	<u>6,482,521</u>

Positive goodwill was assessed upon transition to FRS 102 as at 1 January 2014 as having, in the absence of anything to suggest the contrary, a remaining useful life of 10 years, being the maximum permitted under FRS 102. The directors have continued to monitor for indicators of impairment or changes to the useful economic life and deem there to have been no change to this assessment. Positive goodwill assessed on transition to FRS 102 therefore has a remaining useful life of 5 years as at 31 December 2018.

Negative goodwill with a carrying value of £Nil (2018 - £246,731) arose on the acquisition of a subsidiary undertaking on 10 September 2015. At that time, negative goodwill was allocated firstly against tangible assets to be amortised over the useful life of those assets, being 4 years. Residual amounts were allocated to stock to be amortised over an average stock holding period of 6 months. The directors have continued to monitor for indicators of impairment or changes to the useful economic life and deem there to have been no change to this assessment. Negative goodwill has therefore been fully amortised during the year.

Included in goodwill additions is an amount (£25,667) arising on acquisitions made during 2018 within the PVL (19) Limited group of companies in relation to adjustments to consideration paid which at the time of acquisition was contingent on future events.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Tangible fixed assets

Group

	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Assets under construction £	Total £
Cost or valuation								
At 1 January 2019	76,410	136,336	9,830,684	181,676	325,008	774,990	287,723	11,612,827
Additions	-	105,962	372,687	46,862	16,477	49,800	732,684	1,324,472
Disposals	-	-	(640,624)	(45,650)	-	(67,138)	-	(753,412)
Transfers between classes	-	(36,777)	133,513	-	(29,954)	79,494	(146,276)	-
Exchange adjustments	-	-	(153,353)	(9,845)	-	(5,287)	-	(168,485)
At 31 December 2019	76,410	205,521	9,542,907	173,043	311,531	831,859	874,131	12,015,402
Depreciation								
At 1 January 2019	74,555	91,935	5,119,503	100,513	236,201	550,298	-	6,173,005
Charge for the year on owned assets	694	15,277	915,582	27,252	23,859	108,300	-	1,090,964
Charge for the year on financed assets	-	-	103,701	-	-	-	-	103,701
Disposals	-	-	(637,344)	(15,161)	-	(67,139)	-	(719,644)
Transfers between classes	-	(4,137)	4,408	(4,408)	-	-	-	(4,137)
Exchange adjustments	-	-	(72,353)	(7,264)	-	(3,453)	-	(83,070)
At 31 December 2019	75,249	103,075	5,433,497	100,932	260,060	588,006	-	6,560,819
Net book value								

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Tangible fixed assets (continued)

At 31 December 2019	<u>1,161</u>	<u>102,446</u>	<u>4,109,410</u>	<u>72,111</u>	<u>51,471</u>	<u>243,853</u>	<u>874,131</u>	<u>5,454,583</u>
At 31 December 2018	<u>1,855</u>	<u>44,401</u>	<u>4,711,181</u>	<u>81,163</u>	<u>88,807</u>	<u>224,692</u>	<u>287,723</u>	<u>5,439,822</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Long leasehold	1,161	1,855
Short leasehold	<u>102,446</u>	<u>44,401</u>
	<u>103,607</u>	<u>46,256</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	489,478	717,132
Motor vehicles	<u>7,712</u>	<u>30,851</u>
	<u>497,190</u>	<u>747,983</u>

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	1,300
At 31 December 2019	1,300

Direct subsidiary undertaking

All subsidiary companies are incorporated in England and Wales with the exception of Synthotec Slovakia s.r.o., incorporated in Slovakia, Ningbo Maxim Global Trade Co. Limited, incorporated in China and Harman Technology LLC, incorporate in the United States of America.

The registered office of Synthotec Slovakia s.r.o. is Kysucká cesta 3, 010 61 Žilina, Slovakia. The registered office of Ningbo Maxim Global Trade Co. Limited is Room 903 Building 1, New World International Business Mansion, No. 1018 Min An Road, Jiandong District, Ningbo, Zhejiang, China 315041. The registered office of Harman Technology LLC is 251 Little Falls Drive, Wilmington, DE, 19808.

All other subsidiary undertakings have the same registered office as the parent company, being Whittington Hall, Whittington Road, Worcester, WR5 2ZX.

All subsidiary undertakings have been consolidated in these financial statements in accordance with accounting policy note 2.2.

There were no significant restrictions on any subsidiary undertaking on their ability to repay loans and dividends to the parent entity.

The following was a direct subsidiary undertaking of the Company:

Name	Class of shares	Holding
Pemberstone Ventures (2013) Limited	Ordinary	100%

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Subsidiary undertaking (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding
Secura Labels Limited	Ordinary	100.0%
The Real Georgian Bar Company Limited	Ordinary	69.6%
The Georgian Bar Company Limited	Ordinary	69.6%
Talisman Plastics Limited	Ordinary	85.0%
Talisman Mouldings Limited	Ordinary	85.0%
Talisman Caps and Closures Limited	Ordinary	85.0%
Talisman Tooling Limited	Ordinary	85.0%
Talisman Security Seals Limited	Ordinary	85.0%
LGG Charlesworth Limited	Ordinary	85.0%
Kennet Plastics Limited	Ordinary	85.0%
Synthotec Group Limited	Ordinary	80.9%
Synthotec Limited	Ordinary	80.9%
Synthotec Slovakia Limited	Ordinary	80.9%
Synthotec Slovakia s.r.o.	Ordinary	80.9%
MI Industries Limited	Ordinary	85.0%
Ingenious Locks & Hardware Limited	Ordinary	85.0%
Pemberstone Logistics Limited	Ordinary	85.0%
Maxim Industries Limited	Ordinary	90.0%
Ningbo Maxim Global Trade Co. Limited	Ordinary	90.0%
WQMS Holdings Limited	Ordinary	85.1%
Intellitect Water Limited	Ordinary	85.1%
The Harman Group Limited	Ordinary	95.0%
Harman Technology Limited	Ordinary	95.0%
Harman Technology LLC	Ordinary	95.0%
PVL (19) Limited	Ordinary	70.0%
Loughborough Projects (Holdings) Limited	Ordinary	70.0%
Loughborough Projects Limited	Ordinary	70.0%
Westmoor Developments Limited	Ordinary	100.0%
Westmoor Homes Limited	Ordinary	100.0%
Westmoor Homes (2) Limited	Ordinary	100.0%

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Stocks

	Group 2019 £	<i>Group 2018 £</i>
Raw materials and consumables	3,102,134	3,032,571
Work in progress (goods to be sold)	3,329,987	3,356,853
Finished goods and goods for resale	4,527,598	4,567,722
	<u>10,959,719</u>	<u>10,957,146</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The carrying value of stocks are stated net of impairment losses totalling £591,141 (2018 - £464,000). Impairment losses totalling £168,911 (2018 - £106,160) were recognised in profit and loss.

18. Debtors

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Due after more than one year				
Deferred tax asset	167,008	186,207	-	-
	<u>167,008</u>	<u>186,207</u>	<u>-</u>	<u>-</u>
	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Due within one year				
Trade debtors	8,720,583	8,799,138	-	-
Amounts owed by group undertakings	-	-	633,208	175,008
Other debtors	405,587	168,069	-	-
Prepayments and accrued income	1,339,617	1,699,869	-	-
Tax recoverable	659,322	628,392	-	-
	<u>11,125,109</u>	<u>11,295,468</u>	<u>633,208</u>	<u>175,008</u>

An impairment loss of £22,654 (2018 - £8,118) was recognised in administrative expenses against trade debtors during the year due to bad or doubtful debts.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Cash and cash equivalents

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Cash at bank and in hand	1,466,811	2,493,316	1,824	9,994
Less: bank overdrafts	(53,286)	(52,612)	-	-
	<u>1,413,525</u>	<u>2,440,704</u>	<u>1,824</u>	<u>9,994</u>

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. Creditors: Amounts falling due within one year

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Bank overdrafts	53,286	52,612	-	-
Bank loans	5,051,438	4,455,750	-	-
Other loans	7,149,152	8,872,265	-	-
Trade creditors	2,047,477	2,789,285	-	-
Amounts owed to group undertakings	-	-	14	-
Corporation tax	505,161	643,877	6	14
Other taxation and social security	426,781	374,279	-	-
Obligations under finance lease and hire purchase contracts	145,383	204,610	-	-
Other creditors	392,555	699,000	-	-
Accruals and deferred income	1,717,587	1,520,613	-	-
Financial instruments	59,916	340,358	-	-
	<u>17,548,736</u>	<u>19,952,649</u>	<u>20</u>	<u>14</u>

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Creditors: Amounts falling due within one year (continued)

Bank overdrafts of £53,286 (2018 - £52,612) are secured by fixed and floating charges over the assets of individual subsidiary companies.

Included in bank loans are amounts totalling £5,051,438 (2018 - £4,455,750) in respect of invoice discounting and import loan facilities which are secured by fixed and floating charges over the assets of certain individual subsidiary companies.

Included in other loans are amounts totalling £6,649,152 (2018 - £8,187,313) which are secured by fixed and floating charges over the assets of certain group companies. The remaining £500,000 (2018 - £684,952) is unsecured.

Of the amounts included in other loans:

£Nil (2018 - £102,533) bears an interest rate of 10%;
£2,715,000 (2018 - £3,695,000) bears an interest rate of 8%;
£458,333 (2018 - £1,041,667) bears an interest rate of 6%;
£Nil (2018 - £82,419) bears an interest rate of Bank of England Base Rate plus 4%;
£595,000 (2018 - £595,000) bears an interest rate of Bank of England Base Rate plus 2%;
£900,000 (2018 - £900,000) bears an interest rate of 2%;
£1,454,214 (2018 - £1,429,040) bears an interest rate of Bank of England Base Rate plus 1%; and
£1,026,605 (2018 - £1,026,606) bears no interest.

Of the amounts included in other loans:

£958,333 (2018 - £1,041,667) is required to be repaid in monthly installments of £41,667; and
£6,190,819 (2018 - £7,830,598) have no fixed repayments.

Further details of amounts included in other loans are provided in note 31.

Obligations under finance lease and hire purchase contracts of £145,383 (2018 - £204,610) are secured on the individual assets to which they relate.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £
Other loans	2,375,000	3,333,333
Net obligations under finance leases and hire purchase contracts	259,891	480,070
	<u>2,634,891</u>	<u>3,813,403</u>

Included in other loans are amounts totalling £2,000,000 (2018 - £2,458,333) which are secured by fixed and floating charges over the assets of certain group companies. The remaining £375,000 (2018 - £875,000) is unsecured.

Of the amounts included in other loans:

£2,000,000 (2018 - £2,000,000) bears an interest rate of 12%;
£Nil (2018 - £458,333) bears an interest rate of 6%; and
£375,000 (2018 - £875,000) bears an interest rate of 0%.

Of the amounts included in other loans:

£375,000 (2018 - £1,333,333) is repayable in monthly instalments of £41,667; and
£2,000,000 (2018 - £2,000,000) is required to be repaid on or before 26 November 2025.

Further details of amounts included in other loans are provided in note 31.

Obligations under finance lease and hire purchase contracts of £259,891 (2018 - £480,070) are secured on the individual assets to which they relate.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	Group 2019 £	Group 2018 £
Repayable other than by instalments	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £
Within one year	145,383	204,610
Between 1-5 years	259,891	480,070
	<u>405,274</u>	<u>684,680</u>

23. Financial instruments

	Group 2019 £	Group 2018 £
Financial liabilities		
Derivative financial instruments designated as hedges of foreign exchange risk	(59,916)	(340,358)

Derivative financial instruments designated as hedges of foreign exchange risk comprise foreign currency forward contracts.

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

24. Deferred taxation

Group

	2019 £
At beginning of year	(147,886)
Charged to profit or loss	(112,356)
At end of year	(260,242)

The deferred tax balance is made up as follows:

	Group 2019 £	<i>Group 2018 £</i>
Accelerated capital allowances	(396,198)	(277,329)
Tax losses carried forward	134,622	127,462
Other	1,334	1,981
	(260,242)	(147,886)
Comprising:		
Asset - due after one year	167,008	186,207
Liability	(427,250)	(334,093)
	(260,242)	(147,886)

Of the amounts included in deferred tax assets, £Nil (2018 - £Nil) is expected to be recovered within 12 months. Remaining balances totalling £167,008 (2018 - £186,207) are expected to be recovered after more than 12 months.

Of the amounts included in deferred tax liabilities, £76,131 (2018 - £53,676) is expected to be unwound within 12 months. Remaining balances totalling £351,680 (2018 - £280,417) are expected to be unwound after more than 12 months.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

25. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
3,640 (2018 - 3,640) ordinary 'A' shares of £0.25 each	910	910
1,404 (2018 - 1,404) ordinary 'B' shares of £0.25 each	351	351
404 (2018 - 404) ordinary 'C' shares of £0.10 each	40	40
173 (2018 - 173) ordinary 'D' shares of £0.05 each	9	9
156 (2018 - 156) ordinary 'E' shares of £0.25 each	39	39
	<hr/>	<hr/>
	1,349	1,349
	<hr/>	<hr/>

The 'A' ordinary shares have one vote per share, carry rights to participate in dividends and are entitled to share in any surplus capital and assets of the Company available to shareholders on winding up, save for the amounts to which the 'B', 'D' and 'E' ordinary shares are entitled.

The 'B' ordinary shares have no voting rights, carry the right to participate in dividends in certain circumstances, but, in the event of winding up, are only entitled to participate in capital and assets up to the nominal value of the shares, but carry no further capital rights.

The 'C' ordinary shares have one vote per share, carry rights to participate in dividends in certain circumstances and are entitled, in certain circumstances, to share in any surplus capital and assets of the Company available to shareholders on winding up, save for the amounts to which the 'B', 'D' and 'E' ordinary shares are entitled.

The 'D' ordinary shares have no voting rights, carry the right to participate in dividends in certain circumstances, but, in the event of winding up, are only entitled to participate in capital and assets up to the nominal value of the shares, but carry no further capital rights.

The 'E' ordinary shares have no voting rights, carry the right to participate in dividends in certain circumstances, but, in the event of winding up, are only entitled to participate in capital and assets up to the nominal value of the shares, but carry no further capital rights.

PEMBERSTONE VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

26. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

Capital redemption reserves are undistributable reductions in share capital.

Foreign exchange reserve

Foreign exchange reserves are undistributable temporary exchange rate gains and losses as a result of translation of enterprises that operate overseas.

Other reserves

Other reserves relate to unrealised gains and losses on derivative contracts, denoted as hedges of foreign exchange risk, held until maturity.

Certain subsidiary companies utilise variable to fixed rate interest swaps to manage their exposure to interest rate cash flow risk. These derivatives are measured at fair value at each balance sheet date. The cash flows associated with such hedges are expected to occur during the 12 month period from the balance sheet date.

Profit and loss account

Retained earnings are the distributable accumulation of profits and losses, net of dividends.

27. Discontinued operations

During the prior year the Group sold its development stock and, in the absence of any future plans in this activity, the directors consider this to be a discontinued operation. The impact on the Consolidated Statement of Comprehensive Income is therefore separately disclosed for both the current and prior year.

Operations in Group companies previously involved in property development have been wound down post-sale, and no material assets or liabilities remain in the Consolidated Balance Sheet in respect of those companies.

The subsidiary undertakings in question have not been disposed of by the Group, and accordingly no profit on disposal has been recognised in the Consolidated Statement of Comprehensive Income and there has been no net inflow of cash in respect of any discontinued operations.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

28. Capital commitments

At 31 December 2019 the Group had no material capital commitments (2018 - £Nil) where contracted but not provided for in these financial statements.

29. Pension commitments

A number of companies within the Group operate defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £476,161 (2018 - £259,990). Contributions totalling £29,758 (2018 - £19,514) were payable to the funds at the Balance Sheet date.

30. Commitments under operating leases

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Land and buildings		
Not later than 1 year	1,555,312	1,478,507
Later than 1 year and not later than 5 years	6,015,579	6,027,461
Later than 5 years	558,045	3,113,135
	8,128,936	10,619,103
	Group 2019 £	Group 2018 £
Other assets		
Not later than 1 year	134,454	150,721
Later than 1 year and not later than 5 years	106,052	112,342
Later than 5 years	-	-
	240,506	263,063

The Company had no commitments under non-cancellable operating leases as at the balance sheet date.

PEMBERSTONE VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

31. Related party transactions

During the year, the Group was recharged costs and charged management fees totalling £469,832 (2018 - £508,504) by a limited liability partnership in which certain directors of the parent company (and certain of their family members) are members. There were no amounts outstanding at either balance sheet date.

Included in creditors are other loans totalling £6,190,819 (2018 - £7,248,179) owed to companies in which certain directors of the parent company ultimately hold interests and a limited liability partnership in which certain directors (and certain of their family members) are members.

Of these amounts, £6,190,819 (2018 - £7,145,645) are secured by way of fixed and floating charges over the assets of certain group companies. Residual amounts totalling £Nil (2018 - £102,533) are unsecured. Further details of these amounts are included in notes 20 and 21.

Interest totalling £309,621 (2018 - £708,960) was charged on these loans, whilst amounts totalling £Nil (2018 - £2,596,788) were credited to the Consolidated Statement of Comprehensive Income in respect of accrued interest that has been released following the disposal of the assets to which the loans related and where the disposal proceeds were not sufficient to make repayment in full. Formal deeds of release have been provided by the lender. These amounts are included in other loan interest payable.

Amounts totalling £Nil (2018 - £1,119,971) were credited to the Statement of Comprehensive Income in respect of these loans which have been released following the disposal of the assets to which the loans related and where the disposal proceeds were not sufficient to make repayment in full. Formal deeds of release have been provided by the lender. These amounts are included in exceptional items.

Included in creditors are other loans and loan notes totalling £3,333,333 (2018 - £4,875,000) owed to directors of certain subsidiary undertakings.

Of these amounts, £2,458,333 (2018 - £3,500,000) are secured by fixed and floating charges over the assets of certain Group companies. Residual amounts totalling £875,000 (2018 - £1,375,000) are unsecured. Further details of these amounts are included in notes 20 and 21.

Interest of £292,822 (2018 - £52,108) was charged on these loans during the year and is included in other loan interest payable.

Rents totalling £170,000 (2018 - £170,000) were paid in the year by subsidiary companies to a limited liability partnership in which certain directors of the parent company ultimately hold interests. There were no amounts outstanding at either balance sheet date.

Rents totalling £50,000 (2018 - £4,795) were paid in the year by a subsidiary company to a company in which a director of the subsidiary undertaking holds an interest. There were no amounts outstanding at either balance sheet date.

Key management of group companies received total remuneration of £1,476,696 (2018 - £1,327,080).

On 26 November 2019, as part of a group restructure, a newly incorporated company Pemberstone Ventures Holdings Limited, acquired the entire share capital of the Company. The ultimate controlling party is considered to be Pemberstone Ventures Holdings Limited.