

Registration number: 09323854 (England and Wales)

Penfold Verrall Holdings Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 30 June 2023

Chisnall Comer Ismail and Co
Chartered Accountants & Registered Auditors
Maria House
35 Millers Road
Brighton
BN1 5NP

Penfold Verrall Holdings Limited

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Penfold Verrall Holdings Limited

Company Information

| | |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Directors | DJ Lynch CIE Bowden AJ Bish |
| Registered office | The Haulage Yard Dial Post Horsham West Sussex RH13 8NY |
| Auditors | Chisnall Comer Ismail and Co Chartered Accountants & Registered Auditors Maria House 35 Millers Road Brighton BN1 5NP |

Penfold Verrall Holdings Limited

Strategic Report for the Year Ended 30 June 2023

The directors present their strategic report for the year ended 30 June 2023.

Fair review of the business

The financial year to 30 June 2023 continued to be an unsettled and difficult period for our sector. Fluctuating fuel prices and inflated material costs caused many fixed price groundwork and construction businesses to go bust. This resulted in an unprecedented level of bad debt and loss of turnover. Debt insurance and increasing of limits has proved difficult to obtain, and we have often been faced with the dilemma of supporting our long-standing clients without insurance or withdrawing support. The house building sector is by far the worst affected and many projects have been mothballed until borrowing rates stabilise. All the above have had a negative effect on our trading.

Our main trading subsidiary, Penfold Verrall Limited incurred a small trading loss which was mainly attributed to suffering a number of bad debts in the period which have impacted the profit and loss by £145,142.

HGS Southern Limited has had a solid year and continues to grow making the business the major provider of grab lorries on the South Coast.

2023/24 is expected to be a further difficult period, the Group will look to consolidate and tighten up where needed. Our aim is to be at the forefront of an economical construction upturn. Despite this the Group remains in a strong financial position with consolidated net assets of £4,863,959.

| Financial KPIs | Unit | 2023 | 2022 |
|-------------------|------|-----------|-----------|
| Revenue | £ | 9,555,709 | 9,791,338 |
| Gross profit | £ | 1,155,587 | 1,184,999 |
| Profit before tax | £ | 65,393 | 288,727 |

The directors primarily rely on fast and accurate management information to gain detailed knowledge of where the business is excelling or failing. This allows us to react or prepare for what is ahead. We also have detailed costings on individual lorries and their operatives which allows us to see if a certain vehicle or driver is under performing. For contract work detailed costings are judged against measured valuations which again gives us performance information. The team leaders closely monitor their staff and equipment and report accidents, mechanical failings etc through the correct channels. It is the directors' responsibility to ensure that each team leader has the correct personnel, equipment, and protocols in place to be able to affect the business positively.

Principal risks and uncertainties

The directors consider the principal risks of the group to be those outlined in the director's report and from those generated from within the construction industry. Management monitor conditions within the industry and assess risk levels on an ongoing basis.

Health and safety is one of the key risks facing the group and this risk is mitigated through ongoing training for employees and through regular maintenance checks on plant and machinery. The group utilises hire purchase contracts and therefore interest rate risk is also key to the group. The board implement strategies to mitigate and manage risks that the group faces.

Approved and authorised by the Board on 2 November 2023 and signed on its behalf by:

.....
DJ Lynch - Director

Penfold Verrall Holdings Limited

Directors' Report for the Year Ended 30 June 2023

The directors present their report and the for the year ended 30 June 2023.

Principal activity

The principal activity of the group is haulage, plant hire and construction.

Directors of the group

The directors who held office during the year were as follows:

DJ Lynch

CIE Bowden

AJ Bish

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The group manages its its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company and group has sufficient liquid resources to meet the operating needs of the businesses.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade receivables are monitored on an ongoing basis and a provision is made for doubtful debts where necessary.

Disclosure of information to the auditor

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

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Chisnall Comer Ismail and Co as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 2 November 2023 and signed on its behalf by:

.....

DJ Lynch

Director

Penfold Verrall Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Penfold Verrall Holdings Limited

Independent Auditor's Report to the Members of Penfold Verrall Holdings Limited

Opinion

We have audited the financial statements of Penfold Verrall Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The 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 auditor's 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.

Penfold Verrall Holdings Limited

Independent Auditor's Report to the Members of Penfold Verrall Holdings Limited

We have nothing to report in this regard.

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor Responsibilities for the audit of the financial statements

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

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

Penfold Verrall Holdings Limited

Independent Auditor's Report to the Members of Penfold Verrall Holdings Limited

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory framework that the company and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations;
- Obtaining an understanding of the company and group's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud; and
- Discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud through our knowledge and understanding of the company, group and our sector-specific experience.

As a result of these procedures, we considered the opportunities and incentives that may exist within the company and group for fraud. We are also required to perform specific procedures to respond to the risk of management override. As a result of performing the above, we identified the following areas as those most likely to have an impact on the financial statements: health & safety, employment law, and compliance with the UK Companies Act.

In addition to the above, our procedures to respond to risks identified included the following:

- Making enquiries of management about any known or suspected instances of non-compliance with laws, regulations and fraud;
- Assessment of matters recorded on the company's health and safety incident register;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Penfold Verrall Holdings Limited

Independent Auditor's Report to the Members of Penfold Verrall Holdings Limited

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T G Humphries FCA FCCA (Senior Statutory Auditor)
For and on behalf of Chisnall Comer Ismail and Co, Statutory Auditor
Maria House
35 Millers Road
Brighton
BN1 5NP

2 November 2023

Penfold Verrall Holdings Limited

Consolidated Profit and Loss Account for the Year Ended 30 June 2023

| | Note | 2023 £ | 2022 £ |
|----------------------------------------------|-----------|--------------------|--------------------|
| Turnover | <u>3</u> | 9,555,709 | 9,791,338 |
| Cost of sales | | <u>(8,400,122)</u> | <u>(8,606,339)</u> |
| Gross profit | | 1,155,587 | 1,184,999 |
| Administrative expenses | | (1,043,967) | (848,859) |
| Other operating income | | <u>-</u> | <u>3,053</u> |
| Operating profit | <u>4</u> | <u>111,620</u> | <u>339,193</u> |
| Other interest receivable and similar income | <u>5</u> | 7,159 | 221 |
| Interest payable and similar expenses | <u>6</u> | <u>(53,386)</u> | <u>(50,687)</u> |
| | | <u>(46,227)</u> | <u>(50,466)</u> |
| Profit before tax | | 65,393 | 288,727 |
| Tax on profit | <u>10</u> | <u>(29,781)</u> | <u>(175,759)</u> |
| Profit for the financial year | | <u>35,612</u> | <u>112,968</u> |
| Profit/(loss) attributable to: | | | |
| Owners of the company | | (9,546) | 87,412 |
| Non-controlling interests | | <u>45,158</u> | <u>25,556</u> |
| | | <u>35,612</u> | <u>112,968</u> |

The above results were derived from continuing operations.

Penfold Verrall Holdings Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023

| | 2023 £ | 2022 £ |
|----------------------------------------------------|-----------|-----------|
| Profit for the year | 35,612 | 112,968 |
| Total comprehensive income for the year | 35,612 | 112,968 |
| Total comprehensive income attributable to: | | |
| Owners of the company | (9,546) | 87,412 |
| Non-controlling interests | 45,158 | 25,556 |
| | 35,612 | 112,968 |

Penfold Verrall Holdings Limited
(Registration number: 09323854)
Consolidated Balance Sheet as at 30 June 2023

| | Note | 2023 £ | 2022 £ |
|----------------------------------------------------------------|-----------|-------------|-------------|
| Fixed assets | | | |
| Tangible assets | <u>11</u> | 5,816,287 | 6,012,136 |
| Current assets | | | |
| Stocks | <u>13</u> | 121,083 | 166,166 |
| Debtors | <u>14</u> | 1,960,452 | 2,470,766 |
| Cash at bank and in hand | | 870,665 | 882,666 |
| | | 2,952,200 | 3,519,598 |
| Creditors: Amounts falling due within one year | <u>16</u> | (2,067,606) | (2,643,798) |
| Net current assets | | 884,594 | 875,800 |
| Total assets less current liabilities | | 6,700,881 | 6,887,936 |
| Creditors: Amounts falling due after more than one year | <u>16</u> | (1,049,645) | (1,060,881) |
| Provisions for liabilities | <u>17</u> | (817,277) | (783,708) |
| Net assets | | 4,833,959 | 5,043,347 |
| Capital and reserves | | | |
| Called up share capital | <u>19</u> | 100 | 100 |
| Capital redemption reserve | <u>20</u> | 15 | 15 |
| Revaluation reserve | <u>20</u> | 510,175 | 522,064 |
| Other reserves | <u>20</u> | 325,593 | 325,593 |
| Retained earnings | <u>20</u> | 3,944,000 | 4,153,657 |
| Equity attributable to owners of the company | | 4,779,883 | 5,001,429 |
| Non-controlling interests | | 54,076 | 41,918 |
| Shareholders' funds | | 4,833,959 | 5,043,347 |

Approved and authorised by the Board on 2 November 2023 and signed on its behalf by:

.....
DJ Lynch
Director

Penfold Verrall Holdings Limited

(Registration number: 09323854)
Balance Sheet as at 30 June 2023

| | Note | 2023 £ | 2022 £ |
|----------------------------------------------------------------|-----------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | <u>11</u> | 5,618,368 | 5,833,762 |
| Investments | <u>12</u> | 99 | 99 |
| | | <u>5,618,467</u> | <u>5,833,861</u> |
| Current assets | | | |
| Debtors | <u>14</u> | 201,321 | 201,309 |
| Cash at bank and in hand | | <u>373,536</u> | <u>402,727</u> |
| | | 574,857 | 604,036 |
| Creditors: Amounts falling due within one year | <u>16</u> | <u>(886,893)</u> | <u>(991,560)</u> |
| Net current liabilities | | <u>(312,036)</u> | <u>(387,524)</u> |
| Total assets less current liabilities | | 5,306,431 | 5,446,337 |
| Creditors: Amounts falling due after more than one year | <u>16</u> | <u>(1,049,645)</u> | <u>(1,060,881)</u> |
| Provisions for liabilities | <u>17</u> | <u>(829,234)</u> | <u>(777,122)</u> |
| Net assets | | <u>3,427,552</u> | <u>3,608,334</u> |
| Capital and reserves | | | |
| Called up share capital | <u>19</u> | 100 | 100 |
| Capital redemption reserve | | 15 | 15 |
| Revaluation reserve | | 521,404 | 533,293 |
| Retained earnings | | <u>2,906,033</u> | <u>3,074,926</u> |
| Shareholders' funds | | <u>3,427,552</u> | <u>3,608,334</u> |

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company made a profit after tax for the financial year of £31,218 (2022 - profit of £65,869).

Approved and authorised by the Board on 2 November 2023 and signed on its behalf by:

.....
DJ Lynch
Director

Penfold Verrall Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2023
Equity attributable to the parent company

| | Share capital £ | Capital redemption reserve £ | Revaluation reserve £ | Other reserves £ | Retained earnings £ | Total £ | Non- controlling interests £ | Total equity £ |
|------------------------------------------|--------------------|---------------------------------------|-----------------------------|---------------------|---------------------------|------------|---------------------------------------|-------------------|
| At 1 July 2022 | 100 | 15 | 522,064 | 325,593 | 4,153,657 | 5,001,429 | 41,918 | 5,043,347 |
| (Loss)/profit for the year | - | - | - | - | (9,546) | (9,546) | 45,158 | 35,612 |
| Dividends | - | - | - | - | - | - | (33,000) | (33,000) |
| Transfers | - | - | (11,889) | - | 11,889 | - | - | - |
| Contribution to employee ownership trust | - | - | - | - | (212,000) | (212,000) | - | (212,000) |
| At 30 June 2023 | 100 | 15 | 510,175 | 325,593 | 3,944,000 | 4,779,883 | 54,076 | 4,833,959 |
| At 1 July 2021 | 100 | 15 | 525,337 | 325,593 | 4,426,470 | 5,277,515 | 16,362 | 5,293,877 |
| Profit for the year | - | - | - | - | 87,412 | 87,412 | 25,556 | 112,968 |
| Transfers | - | - | (3,273) | - | 3,273 | - | - | - |
| Contribution to employee ownership trust | - | - | - | - | (363,498) | (363,498) | - | (363,498) |
| At 30 June 2022 | 100 | 15 | 522,064 | 325,593 | 4,153,657 | 5,001,429 | 41,918 | 5,043,347 |

The notes on pages 16 to 35 form an integral part of these financial statements.
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Penfold Verrall Holdings Limited

Statement of Changes in Equity for the Year Ended 30 June 2023

| | Capital redemption reserve £ | Revaluation reserve £ | Retained earnings £ | Total £ |
|------------------------------------------|---------------------------------------|-----------------------------|---------------------------|------------|
| At 1 July 2022 | 100 | 15 | 533,293 | 3,074,926 |
| Profit for the year | - | - | - | - |
| Transfers | - | - | (11,889) | 11,889 |
| Contribution to employee ownership trust | - | - | - | (212,000) |
| At 30 June 2023 | 100 | 15 | 521,404 | 2,906,033 |
| | 100 | 15 | 521,404 | 3,427,552 |
| | 100 | 15 | 533,792 | 3,372,056 |
| At 1 July 2021 | - | - | - | 65,869 |
| Profit for the year | - | - | (499) | 499 |
| Transfers | - | - | - | (363,498) |
| Contribution to employee ownership trust | - | - | - | (363,498) |
| At 30 June 2022 | 100 | 15 | 533,293 | 3,074,926 |
| | 100 | 15 | 533,293 | 3,608,334 |

The notes on pages 16 to 35 form an integral part of these financial statements.
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Penfold Verrall Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

| | Note | 2023 £ | 2022 £ |
|--------------------------------------------------|-----------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 35,612 | 112,968 |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation and amortisation | <u>4</u> | 763,459 | 916,721 |
| Profit on disposal of tangible assets | | (86,782) | (44,600) |
| Finance income | <u>5</u> | (7,159) | (221) |
| Income tax expense | <u>10</u> | 29,781 | 175,759 |
| | | 734,911 | 1,160,627 |
| Working capital adjustments | | | |
| Decrease/(increase) in stocks | <u>13</u> | 45,083 | (76,637) |
| Decrease/(increase) in trade and other debtors | <u>14</u> | 510,346 | (597,906) |
| (Decrease)/increase in trade and other creditors | <u>16</u> | (474,947) | 843,640 |
| Cash generated from operations | | 815,393 | 1,329,724 |
| Income taxes paid | | (39,160) | (24,170) |
| Net cash flow from operating activities | | <u>776,233</u> | <u>1,305,554</u> |
| Cash flows from investing activities | | | |
| Interest received | | 7,159 | 221 |
| Acquisitions of tangible assets | | (163,840) | (193,813) |
| Proceeds from sale of tangible assets | | 350,500 | 89,601 |
| Net cash flows from investing activities | | <u>193,819</u> | <u>(103,991)</u> |
| Cash flows from financing activities | | | |
| Repayment of bank borrowing | | (46,831) | (99,582) |
| Payments to finance lease creditors | | (720,222) | (777,777) |
| Contribution to employee ownership trust | | (212,000) | (363,498) |
| Dividends paid to non-controlling interests | | (3,000) | - |
| Net cash flows from financing activities | | <u>(982,053)</u> | <u>(1,240,857)</u> |
| Net decrease in cash and cash equivalents | | (12,001) | (39,294) |
| Cash and cash equivalents at 1 July 2022 | | 882,666 | 921,960 |
| Cash and cash equivalents at 30 June 2023 | | <u>870,665</u> | <u>882,666</u> |

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

The Haulage Yard
Dial Post
Horsham
West Sussex
RH13 8NY

These financial statements were authorised for issue by the Board on 2 November 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

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

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

Going concern

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

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

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2 Accounting policies

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and its subsidiaries made up to 30 June 2023.

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

Subsidiaries have been accounted for using the merger accounting method.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

Revenue recognition

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

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

Construction contract income

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

Haulage income

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

Tax

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

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

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

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2 Accounting policies

Tangible assets

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Freehold land is stated in the statement of financial position at revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

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

Depreciation

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

| Asset class | Depreciation method and rate |
|-----------------------------------------|------------------------------|
| Freehold land | Not depreciated |
| Leasehold property | 10% to 20% Straight line |
| Plant, machinery, fixtures and fittings | 10% to 50% Straight line |
| Heavy plant and vehicles | 20% to 50% Straight line |
| Motor vehicles | 25% Reducing balance |

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2 Accounting policies

Impairment of non-current assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Cash and cash equivalents

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

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2 Accounting policies

Stocks

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

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

Construction contracts

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

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

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

Leases

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

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

Assets held under finance leases are depreciated over the shorter of the assets leased term and its useful life. If there is a reasonable certainty that ownership of the asset will be obtained by the end of the lease term, the asset is depreciated over its useful life.

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2 Accounting policies

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

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

Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the discounted cash flow model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2 Accounting policies

Financial instruments

Classification

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

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

Financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial liabilities

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

Equity instruments

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

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2 Accounting policies

Judgements

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

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

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue derived from construction services include a judgement of the stage of completion at the year end. This judgement is used to determine the amount of revenue and profit to recognise in relation to each contract, which is still ongoing at the end of the reporting period. The stage of completion is calculated based on the assessment of qualified quantity surveyors of the costs incurred for work performed in conjunction with expected final contract costs and overall profitability.

The provisions for losses on contracts are included for expected losses made on contracts in progress at the reporting date.

Key sources of estimation uncertainty

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

The company and group's freehold land are stated at their revalued amounts, being the fair value at the date of revaluation. The director's assessment for determining fair value is disclosed in the notes.

3 Turnover

The analysis of the group's Turnover for the year by class of business is as follows:

| | 2023 £ | 2022 £ |
|------------------------|------------------|------------------|
| Rendering of services | 8,823,405 | 8,621,728 |
| Construction contracts | 732,304 | 1,169,610 |
| | <u>9,555,709</u> | <u>9,791,338</u> |

The analysis of the group's Turnover for the year by market is as follows:

| | 2023 £ | 2022 £ |
|----|------------------|------------------|
| UK | <u>9,555,709</u> | <u>9,791,338</u> |

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

4 Operating profit

Arrived at after charging/(crediting)

| | 2023 £ | 2022 £ |
|-----------------------------------------------------|-----------|-----------|
| Depreciation expense | 763,459 | 916,719 |
| Operating lease expense - plant and machinery | 7,136 | 4,350 |
| Profit on disposal of property, plant and equipment | (86,782) | (44,600) |

5 Other interest receivable and similar income

| | 2023 £ | 2022 £ |
|----------------------------------|-----------|-----------|
| Interest income on bank deposits | 7,147 | 221 |
| Other finance income | 12 | - |
| | 7,159 | 221 |

6 Interest payable and similar expenses

| | 2023 £ | 2022 £ |
|--------------------------------------------------------------------------|-----------|-----------|
| Interest on bank overdrafts and borrowings | 17,085 | 9,391 |
| Interest on obligations under finance leases and hire purchase contracts | 36,301 | 41,296 |
| | 53,386 | 50,687 |

7 Staff costs

Employees in the company were remunerated by way of salary from a subsidiary company.
The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2023 £ | 2022 £ |
|--------------------------------------------|-----------|-----------|
| Wages and salaries | 2,397,566 | 2,552,120 |
| Social security costs | 267,812 | 287,672 |
| Pension costs, defined contribution scheme | 62,841 | 67,194 |
| Other employee expense | 6,620 | 6,741 |
| | 2,734,839 | 2,913,727 |

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

7 Staff costs

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

| | 2023 | 2022 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Operatives | 46 | 50 |
| Administration and support | 12 | 11 |
| | <u>58</u> | <u>61</u> |

8 Directors' remuneration

The directors are considered to be the only key management personnel of the company and the group. The directors' remuneration for the year was as follows:

| | 2023 | 2022 |
|----------------------------------------------|----------------|----------------|
| | £ | £ |
| Remuneration | 202,481 | 215,661 |
| Contributions paid to money purchase schemes | 10,273 | 10,962 |
| | <u>212,754</u> | <u>226,623</u> |

9 Auditors' remuneration

| | 2023 | 2022 |
|------------------------------------------------------------------------------------------|---------------|---------------|
| | £ | £ |
| Audit of these financial statements | 3,000 | 3,150 |
| Audit of the financial statements of subsidiaries of the company pursuant to legislation | 17,000 | 18,375 |
| | <u>20,000</u> | <u>21,525</u> |

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

10 Taxation

Tax charged/(credited) in the consolidated profit and loss account

| | 2023 £ | 2022 £ |
|-------------------------------------------------------------|----------------|----------------|
| Current taxation | | |
| UK corporation tax | - | 43,000 |
| UK corporation tax adjustment to prior periods | (3,787) | (916) |
| | <u>(3,787)</u> | <u>42,084</u> |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | 33,568 | 133,675 |
| | <u>29,781</u> | <u>175,759</u> |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

| | 2023 £ | 2022 £ |
|-----------------------------------------------------------------------------------------|---------------|----------------|
| Profit before tax | <u>65,393</u> | <u>288,727</u> |
| Corporation tax at standard rate | 12,425 | 54,858 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 2,048 | 5,690 |
| UK deferred tax expense relating to changes in tax rates or laws | 21,360 | 145,511 |
| Increase from tax losses for which no deferred tax asset was recognised | - | 522 |
| Decrease in UK and foreign current tax from adjustment for prior periods | (3,787) | (916) |
| Tax decrease from effect of capital allowances and depreciation | (53,127) | (30,105) |
| Tax increase from effect of unrelieved tax losses carried forward | 50,862 | - |
| Other tax effects for reconciliation between accounting profit and tax expense (income) | <u>-</u> | <u>199</u> |
| Total tax charge | <u>29,781</u> | <u>175,759</u> |

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

11 Tangible assets

Group

| | Land and buildings £ | Heavy plant and vehicles £ | Motor vehicles £ | Plant, machinery, fixtures and fittings £ | Total £ |
|---------------------------|----------------------------|----------------------------------|---------------------|-------------------------------------------------------|-------------|
| Cost or valuation | | | | | |
| At 1 July 2022 | 2,245,420 | 8,021,725 | 390,808 | 481,117 | 11,139,070 |
| Additions | 2,267 | 764,725 | 3,330 | 61,006 | 831,328 |
| Disposals | - | (975,045) | - | (59,770) | (1,034,815) |
| At 30 June 2023 | 2,247,687 | 7,811,405 | 394,138 | 482,353 | 10,935,583 |
| Depreciation | | | | | |
| At 1 July 2022 | 165,957 | 4,381,121 | 301,476 | 278,380 | 5,126,934 |
| Charge for the year | 9,781 | 694,126 | 24,975 | 34,577 | 763,459 |
| Eliminated on disposal | - | (736,327) | - | (34,770) | (771,097) |
| At 30 June 2023 | 175,738 | 4,338,920 | 326,451 | 278,187 | 5,119,296 |
| Carrying amount | | | | | |
| At 30 June 2023 | 2,071,949 | 3,472,485 | 67,687 | 204,166 | 5,816,287 |
| At 30 June 2022 | 2,079,463 | 3,640,604 | 89,332 | 202,737 | 6,012,136 |

Included within the net book value of land and buildings above is £2,015,000 (2022 - £2,015,000) in respect of freehold land and £56,949 (2022 - £64,462) in respect of leasehold property.

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

11 Tangible assets

Company

| | Land and buildings £ | Heavy plant and vehicles £ | Motor vehicles £ | Plant, machinery, fixtures and fittings £ | Total £ |
|--------------------------|----------------------------|----------------------------------|---------------------|-------------------------------------------------------|-------------|
| Cost or valuation | | | | | |
| At 1 July 2022 | 2,000,000 | 7,701,336 | 193,179 | 308,543 | 10,203,058 |
| Additions | - | 763,497 | - | 19,700 | 783,197 |
| Disposals | - | (975,045) | - | (59,770) | (1,034,815) |
| At 30 June 2023 | 2,000,000 | 7,489,788 | 193,179 | 268,473 | 9,951,440 |
| Depreciation | | | | | |
| At 1 July 2022 | - | 4,117,101 | 121,806 | 130,389 | 4,369,296 |
| Charge for the year | - | 689,769 | 17,844 | 27,260 | 734,873 |
| Eliminated on disposal | - | (736,327) | - | (34,770) | (771,097) |
| At 30 June 2023 | - | 4,070,543 | 139,650 | 122,879 | 4,333,072 |
| Carrying amount | | | | | |
| At 30 June 2023 | 2,000,000 | 3,419,245 | 53,529 | 145,594 | 5,618,368 |
| At 30 June 2022 | 2,000,000 | 3,584,235 | 71,373 | 178,154 | 5,833,762 |

Included within the net book value of land and buildings above is £2,000,000 (2022 - £2,000,000) in respect of freehold land.

The company and group's freehold land are stated at their revalued amounts, being the fair value at the date of revaluation. The valuation was carried out by Crickmay Chartered Surveyors (an independent valuer) on 29 September 2020. The valuation method used conforms to International Valuation Standards and was based on recent market transactions carried out on arm's length terms. There has been no change to the valuation technique during the year and the directors are have not obtained a more recent valuation as they are not aware of any material change in value.

If the freehold land was measured using the historic cost basis rather than fair value, the carrying amounts for the group would have been £1,319,795 (2022 - £1,319,795) and for the company would have been £1,304,795 (2022 - £1,304,795).

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

11 Tangible assets

Assets held under finance leases and hire purchase contracts Group

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

| | 2023 £ | 2022 £ |
|--------------------------|-----------|-----------|
| Heavy plant and vehicles | 2,320,424 | 3,108,138 |

Company

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

| | 2023 £ | 2022 £ |
|--------------------------|-----------|-----------|
| Heavy plant and vehicles | 2,320,424 | 3,108,138 |

12 Investments

Company

| | 2023 £ | 2022 £ |
|-----------------------------|-----------|-----------|
| Investments in subsidiaries | 99 | 99 |

Details of undertakings

Details of the company's subsidiaries at the year end are as follows:

| Undertaking | Registered office | Holding | Proportion of voting rights and shares held | |
|-------------------------|----------------------------------------------------------------------------------|----------|---------------------------------------------|------|
| | | | 2023 | 2022 |
| Subsidiary undertakings | | | | |
| Penfold Verrall Limited | The Haulage Yard, Dial Post, Horsham, West Sussex, RH13 8NY England and Wales | Ordinary | 100% | 100% |
| HGS Southern Limited | The Haulage Yard, Dial Post, Horsham, West Sussex, RH13 8NY England and Wales | Ordinary | 75% | 75% |

Shares in HGS Southern Limited are held indirectly. The principal activity of both subsidiary companies is that of haulage, plant hire and construction.

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

13 Stocks

| | Group | | Company | |
|-------------------|----------------|----------------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Work in progress | 15,954 | 33,216 | - | - |
| Other inventories | 105,129 | 132,950 | - | - |
| | <u>121,083</u> | <u>166,166</u> | <u>-</u> | <u>-</u> |

14 Debtors

| | | Group | | Company | |
|------------------|-------------|------------------|------------------|----------------|----------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | £ | £ | £ | £ |
| Current | Note | | | | |
| Trade debtors | | 1,482,679 | 1,872,447 | - | - |
| Other debtors | | 431,438 | 507,653 | 201,309 | 201,309 |
| Prepayments | | 46,303 | 90,666 | - | - |
| Income tax asset | <u>10</u> | <u>32</u> | <u>-</u> | <u>12</u> | <u>-</u> |
| | | <u>1,960,452</u> | <u>2,470,766</u> | <u>201,321</u> | <u>201,309</u> |

15 Cash and cash equivalents

| | Group | | Company | |
|---------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Cash on hand | 110 | 166 | 2 | 1 |
| Cash at bank | 607,633 | 401,726 | 166,305 | 76,962 |
| Short-term deposits | 262,922 | 480,774 | 207,229 | 325,764 |
| | <u>870,665</u> | <u>882,666</u> | <u>373,536</u> | <u>402,727</u> |

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

16 Creditors

| | | Group | | Company | |
|---------------------------------|-----------|------------------|------------------|------------------|------------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | £ | £ | £ | £ |
| Due within one year | | | | | |
| Loans and borrowings | <u>21</u> | 731,835 | 820,165 | 731,835 | 820,165 |
| Trade creditors | | 602,477 | 475,419 | - | - |
| Amounts due to related parties | <u>24</u> | 30,000 | - | 152,012 | 150,000 |
| Social security and other taxes | | 122,678 | 255,041 | - | - |
| Other payables | | 435,212 | 517,439 | (1) | (2) |
| Accruals | | 145,404 | 532,819 | 3,047 | 3,396 |
| Income tax liability | | - | 42,915 | - | 18,001 |
| | | <u>2,067,606</u> | <u>2,643,798</u> | <u>886,893</u> | <u>991,560</u> |
| Due after one year | | | | | |
| Loans and borrowings | <u>21</u> | <u>1,049,645</u> | <u>1,060,881</u> | <u>1,049,645</u> | <u>1,060,881</u> |

Included within other payables is £420,133 (2022 - £503,500) paid in advance to the group in respect of items included in trade debtors as part of an invoice finance facility at the reporting date. This facility is secured against the assets of the group.

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

17 Provisions for liabilities

Group

| | Deferred tax £ | Total £ |
|--------------------------------------------|-------------------|------------|
| At 1 July 2022 | 783,708 | 783,708 |
| Increase (decrease) in existing provisions | 33,569 | 33,569 |
| At 30 June 2023 | 817,277 | 817,277 |

Company

| | Deferred tax £ | Total £ |
|--------------------------------------------|-------------------|------------|
| At 1 July 2022 | 777,122 | 777,122 |
| Increase (decrease) in existing provisions | 52,112 | 52,112 |
| At 30 June 2023 | 829,234 | 829,234 |

Deferred tax

Deferred tax provisions comprise of:

| | Group | | Company | |
|--------------------------------|-----------|-----------|-----------|-----------|
| | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| Accelerated capital allowances | 694,338 | 608,800 | 655,433 | 600,100 |
| Revaluations | 173,801 | 174,908 | 173,801 | 177,022 |
| Tax losses | (50,862) | - | - | - |
| | 817,277 | 783,708 | 829,234 | 777,122 |

The directors have considered the deferred tax liabilities noted above and concluded that it is not possible to state the estimated liabilities that will reverse within the next 12 months. This is due to the level of reversal being dependent on events which are not yet known.

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

18 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £62,841 (2022 - £67,194).

19 Share capital

Allotted, called up and fully paid shares

| | 2023 | | 2022 | |
|----------------------------|------|-----|------|-----|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |

20 Reserves

Revaluation reserve

The revaluation reserve represents revaluation gains on freehold land and plant and equipment, net of deferred tax.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve where amounts are transferred following the redemption of the company's own shares.

Other reserves

The other reserve relates to a merger reserve recognised when Penfold Verrall Limited was acquired under the merger accounting method. This reserve reflects other reserves included on the statement of financial position of Penfold Verrall Limited at the point of acquisition.

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

21 Loans and borrowings

| | Group | | Company | |
|-----------------------------------------|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Non-current loans and borrowings | | | | |
| Bank borrowings | 258,916 | 305,747 | 258,916 | 305,747 |
| Hire purchase contracts | 790,729 | 755,134 | 790,729 | 755,134 |
| | <u>1,049,645</u> | <u>1,060,881</u> | <u>1,049,645</u> | <u>1,060,881</u> |

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Current loans and borrowings | | | | |
| Bank borrowings | 48,929 | 48,929 | 48,929 | 48,929 |
| Hire purchase contracts | 682,906 | 771,236 | 682,906 | 771,236 |
| | <u>731,835</u> | <u>820,165</u> | <u>731,835</u> | <u>820,165</u> |

Company

Bank borrowings

The carrying amount at year end is £307,845 (2022 - £354,676).

The bank loan is secured by a charge over the freehold land and property known as The Haulage Yard, Dial Post, Horsham, West Sussex, RH13 8NY.

The bank loan is repayable over a period of 10 years from the date of acceptance with 6 years remaining, the rate of interest payable is at the Bank of England's Base rate plus 2.1%.

22 Obligations under leases and hire purchase contracts

Group

Finance leases

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance lease contracts are secured against the assets to which they relate.

The total of future minimum lease payments is as follows:

| | 2023 | 2022 |
|---------------------------------------------------|------------------|------------------|
| | £ | £ |
| Not later than one year | 682,906 | 771,236 |
| Later than one year and not later than five years | <u>790,729</u> | <u>755,134</u> |
| | <u>1,473,635</u> | <u>1,526,370</u> |

Penfold Verrall Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

23 Share-based payments

Enterprise Management Incentives

Scheme details and movements

In prior years the company issued equity-based share options under an Enterprise Management Incentives (EMI) scheme. The options can be exercised only after the 6 April 2022 and can only be granted to eligible employees, being those who are an employee or a director of any company in the group. If the option holder ceases employment the option lapses.

No share options were granted, forfeited or exercised in the year and none expired. The number of share options outstanding at the reporting date were 8,800 with a weighted average exercise price of £0.01 being £88 in aggregate. No charge has been made in the financial statements on the grounds of immateriality.

24 Related party transactions

Company

Summary of transactions with other related parties

At the reporting date the group and company were owed £201,294 (2022 - £201,294) from a connected entity.

At the reporting date the group was owed £193,301 (2022 - £193,301) from a connected company.

25 Parent and ultimate parent undertaking

Penfold Verrall Employee Trustee Limited holds the shares in the company in its capacity as corporate trustee for the Penfold Verrall Employee Ownership Trust. It does not produce consolidated accounts as there is no requirement to do so. The registered office of the entity is The Haulage Yard, Dial Post, Horsham, West Sussex, RH13 8NY.

The ultimate controlling parties are the trustees of the Penfold Verrall Employee Ownership Trust.

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