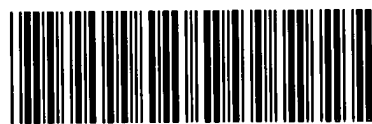


Company Registration No. 01876684 (England and Wales)

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

TUESDAY



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HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

COMPANY INFORMATION

Directors	D G Williams A J Williams S A Colquhoun T S Mark D A Williams C W Stewart
Secretary	R L Colquhoun
Company number	01876684
Registered office	Southerham House Southerham Lane Lewes East Sussex BN8 6JN
Auditor	West & Berry Limited Mocatta House Trafalgar Place Brighton BN1 4DU
Business address	Southerham House Southerham Lane Lewes East Sussex BN8 6JN

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

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HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities

The principal activity of Hanover Displays Limited is the design, manufacture and distribution of passenger information systems for the public transport industry. The company is the parent to the Hanover Displays Group (the Group) and provides the main design and manufacturing operation for the group, with subsidiary offices in France, Spain, Germany, Italy, Australia plus a second production facility in the US.

Promoting the success of the company

Under section 172(1) of the Companies Act 2006 (section 172), the Directors are required to act in a way that they consider, in all good faith, would most likely promote the success of the Company. This success must be for the benefit of the Company's shareholders but also for all other stakeholders.

This has never been more relevant than during the COVID-19 pandemic, where the Group continues to work hard to keep its employees safe and its business viable, and where it endeavours to support its customers in helping to maintain transport services to the public.

The Board of Directors is committed to delivering the highest quality products and services and maintaining its reputation for high standards of business conduct. It recognises this is key to our ongoing success and we do this by making available the necessary resources to provide appropriate working environments to maximise the welfare and development of all staff. The directors promote a culture of quality and environmental performance in all our activities and encourage our suppliers, sub-contractors and customers to embrace the same values.

Fair review of the business

2019 was another strong year for the Group as it achieved record sales of £48.3m, an increase of 18.1% on 2018, and ended the year with profit before tax of £7.4m. Gross profit margins remained steady but we saw an increase in administrative expenses, largely driven by continued investment in new product development plus further expansion of factory facilities and our customer support network. The increase in administrative expenses was partially offset by a £2m fair value gain on investments.

Principal risks and uncertainties

The Group's sales outlook is predominantly linked to investment in public transport and its international market exposure, making it difficult to forecast accurately growth or reduction in sales. However, we monitor market information, sales prospects and orders on a regular basis to assist in anticipating future demand.

The COVID-19 pandemic is having a far-reaching impact on businesses worldwide, the full extent to which cannot be quantified at this point. The Group will continue to review the possible impacts on the business and refine its contingency plans as more information emerges.

The Group continues to monitor the potential impact of the UK's exit from the European Union on its future operations, however, we feel we are well placed to mitigate the impact of any potential risks that might arise.

Increased competition could lead to a decline in our market share or downward pressure on prices. As well as new product development, focus on productivity improvements and constant supply and operational analysis will be required to continue to offset the full impact of these risks. The business seeks to reduce the risk from its supply base and every effort is made to dual source critical parts and components.

Incidents of sophisticated cyber-crime represent a significant and increasing threat to all businesses including Hanover. The Group takes this risk seriously and continues to make investments to protect our systems and data.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Position of the group at the year end

The Group's financial position at the end of the year is strong both in terms of profit and liquidity exhibited by the strength of its balance sheet. Funds over the requirement for working capital are an essential and inseparable part of the Group's strategy of growth and future development. This provides funding to resource additional production facilities and acquisitions that may be required to meet ambitious growth targets. It also provides security against the risks and uncertainties highlighted in the section above.

Key performance indicators

	2019	2018	2017
Turnover £'000	48,302	40,881	35,852
Turnover growth	+18.1%	+14.0%	+15.5%
Gross profit margin	56.6%	58.1%	56.2%
Profit / (Loss) before tax £'000	7,399	6,222	3,835
Net profit margin	15.3%	15.2%	10.7%

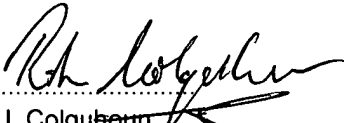
Other performance indicators

The Group's net assets at 31 December 2019 were £49.6m (2018: £44.9m) and employee numbers increased to 301 (2018: 269).

Future developments

The Company plans to continue implementing the Group's strategy of introducing new products with enhanced functionality to complement its existing range and aspires to exceed customer expectations. Innovative research is key to our success and continued investment in new products and factory technology should provide increasing added value, improved margins and market share in the major markets.

By order of the board


.....
R L Colquhoun
Secretary

Date: 14/12/2020

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities

The principal activities, review of the business and future developments can be found in the strategic report.

Directors

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

D G Williams

A J Williams

S A Colquhoun

T S Mark

S C Aplin

(Deceased 5 December 2020)

D A Williams

C W Stewart

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £523,089. The directors do not recommend payment of a further dividend.

Financial instruments

Use of financial instruments

The groups financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the groups operations. Due to the nature of these funds there is no exposure to price risk. The groups approach to managing other risks applicable to the financial instruments concerned are as follows. In respect of bank balances no overdraft facilities are utilised. There are no loans from directors or financial institutions. The group manages the liquidity risk by ensuring there are sufficient funds to meet the payments. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding and overdue. Trade creditors risk is managed by ensuring sufficient funds are available to meet amounts due.

Research and development

The group remains committed to innovatory research and development. Project based management is in place to ensure successful outcomes and control of cost through regular review. This ensures that it can meet or exceed the market requirements and expectations.

Disabled persons

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

Employee involvement

The group's policy is to consult and discuss with employees, matters likely to affect employees' interests.

Auditor

The auditor, West & Berry Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

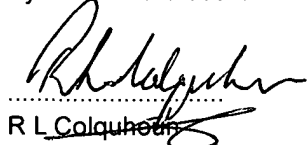
Statement of disclosure to auditor

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

By order of the board



R L Colquhoun
Secretary

Date: 14/12/2020

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

Opinion

We have audited the financial statements of Hanover Displays Limited and Subsidiary Companies (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

We have nothing to report in this regard.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

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



Michelle Westbury FCCA (Senior Statutory Auditor)
for and on behalf of West & Berry Limited

17 December 2020

Chartered Certified Accountants
Statutory Auditor

Mocatta House
Trafalgar Place
Brighton
BN1 4DU

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	48,302,397	40,881,354
Cost of sales		(20,952,924)	(17,125,938)
Gross profit		27,349,473	23,755,416
Administrative expenses		(22,007,206)	(17,746,176)
Other operating income		-	10,054
Operating profit	4	5,342,267	6,019,294
Interest receivable and similar income	8	54,905	75,198
Interest payable and similar expenses	9	-	(1,468)
Change in value of investments	10	2,001,762	129,071
Profit before taxation		7,398,934	6,222,095
Tax on profit	11	(1,676,416)	(960,004)
Profit for the financial year	31	5,722,518	5,262,091
Profit for the financial year is attributable to:			
- Owners of the parent company		5,488,509	5,074,467
- Non-controlling interests		234,009	187,624
		5,722,518	5,262,091

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Profit for the year	5,722,518	5,262,091
Other comprehensive income		
Currency translation differences	(596,764)	(32,736)
Total comprehensive income for the year	<u>5,125,754</u>	<u>5,229,355</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	5,005,564	5,032,886
- Non-controlling interests	120,190	196,469
	<u>5,125,754</u>	<u>5,229,355</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

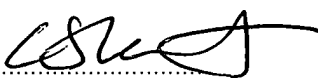
GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	13	131,589		164,211	
Tangible assets	14	10,672,595		9,274,577	
Investments	15	15,795		27	
		<u>10,819,979</u>		<u>9,438,815</u>	
Current assets					
Stocks	19	10,302,332		7,602,056	
Debtors	20	13,202,197		11,913,176	
Investments	21	14,531,903		10,287,184	
Cash at bank and in hand		13,383,589		16,545,102	
		<u>51,420,021</u>		<u>46,347,518</u>	
Creditors: amounts falling due within one year	22	(8,474,201)		(7,478,787)	
Net current assets		<u>42,945,820</u>		<u>38,868,731</u>	
Total assets less current liabilities		<u>53,765,799</u>		<u>48,307,546</u>	
Provisions for liabilities	24	(4,213,733)		(3,358,145)	
Net assets		<u>49,552,066</u>		<u>44,949,401</u>	
Capital and reserves					
Called up share capital	27	415,150		415,150	
Share premium account	28	30,780		30,780	
Capital redemption reserve	29	116,220		116,220	
Profit and loss reserves	31	46,524,744		42,042,269	
Equity attributable to owners of the parent company		<u>47,086,894</u>		<u>42,604,419</u>	
Non-controlling interests		<u>2,465,172</u>		<u>2,344,982</u>	
		<u>49,552,066</u>		<u>44,949,401</u>	

The financial statements were approved by the board of directors and authorised for issue on 14/12/2020 and are signed on its behalf by:


S A Colquhoun
Director


C W Stewart
Director

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF FINANCIAL POSITION

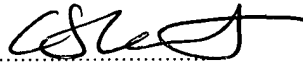
AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	14	5,769,423	5,297,293
Investments	15	76,983	62,491
		<u>5,846,406</u>	<u>5,359,784</u>
Current assets			
Stocks	19	6,884,378	5,350,289
Debtors	20	12,541,481	10,067,273
Investments	21	14,525,194	10,287,184
Cash at bank and in hand		6,602,409	10,295,909
		<u>40,553,462</u>	<u>36,000,655</u>
Creditors: amounts falling due within one year	22	<u>(8,597,003)</u>	<u>(6,971,692)</u>
Net current assets		<u>31,956,459</u>	<u>29,028,963</u>
Total assets less current liabilities		<u>37,802,865</u>	<u>34,388,747</u>
Provisions for liabilities	24	<u>(3,496,112)</u>	<u>(2,989,105)</u>
Net assets		<u><u>34,306,753</u></u>	<u><u>31,399,642</u></u>
Capital and reserves			
Called up share capital	27	415,150	415,150
Share premium account	28	30,780	30,780
Capital redemption reserve	29	116,220	116,220
Profit and loss reserves	31	33,744,603	30,837,492
Total equity		<u><u>34,306,753</u></u>	<u><u>31,399,642</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,430,200 (2018 - £3,361,440 profit).

The financial statements were approved by the board of directors and authorised for issue on 14/12/2020 and are signed on its behalf by:


S A Colquhoun
Director


C W Stewart
Director

Company Registration No. 01876684

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

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

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2018		415,150	30,780	116,220	37,439,691	38,001,841	2,148,513	40,150,354
Year ended 31 December 2018:								
Profit for the year		-	-	-	5,074,467	5,074,467	187,624	5,262,091
Other comprehensive income:								-
Currency translation differences		-	-	-	(32,736)	(32,736)	-	(32,736)
Amounts attributable to non-controlling interests		-	-	-	(8,845)	(8,845)	8,845	-
Total comprehensive income for the year		-	-	-	5,032,886	5,032,886	196,469	5,229,355
Dividends	12	-	-	-	(430,308)	(430,308)	-	(430,308)
Balance at 31 December 2018		415,150	30,780	116,220	42,042,269	42,604,419	2,344,982	44,949,401
Year ended 31 December 2019:								
Profit for the year		-	-	-	5,488,509	5,488,509	234,009	5,722,518
Other comprehensive income:								-
Currency translation differences		-	-	-	(596,764)	(596,764)	-	(596,764)
Amounts attributable to non-controlling interests		-	-	-	113,819	113,819	(113,819)	-
Total comprehensive income for the year		-	-	-	5,005,564	5,005,564	120,190	5,125,754
Dividends	12	-	-	-	(523,089)	(523,089)	-	(523,089)
Balance at 31 December 2019		415,150	30,780	116,220	46,524,744	47,086,894	2,465,172	49,552,066

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		415,150	30,780	116,220	27,895,353	28,457,503
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	3,361,441	3,361,441
Dividends	12	-	-	-	(419,302)	(419,302)
Balance at 31 December 2018		415,150	30,780	116,220	30,837,492	31,399,642
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	3,430,200	3,430,200
Dividends	12	-	-	-	(523,089)	(523,089)
Balance at 31 December 2019		415,150	30,780	116,220	33,744,603	34,306,753

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	38	5,485,927		4,283,600	
Interest paid		-		(1,468)	
Income taxes paid		(1,040,663)		(817,001)	
Net cash inflow from operating activities		4,445,264		3,465,131	
Investing activities					
Purchase of tangible fixed assets		(2,656,682)		(4,571,855)	
Proceeds on disposal of tangible fixed assets		-		978	
Purchase of fixed asset investments		(14,492)		-	
Other investments and loans made		(4,200,838)		(2,152,338)	
Proceeds from other investments and loans		327,797		-	
Interest received		49,870		72,659	
Dividends received		5,035		2,539	
Net cash used in investing activities		(6,489,310)		(6,648,017)	
Financing activities					
Repayment of bank loans		2,386		(4,895)	
Dividends paid to equity shareholders		(523,089)		(430,308)	
Net cash used in financing activities		(520,703)		(435,203)	
Net decrease in cash and cash equivalents		(2,564,749)		(3,618,089)	
Cash and cash equivalents at beginning of year		16,545,102		20,195,927	
Effect of foreign exchange rates		(596,764)		(32,736)	
Cash and cash equivalents at end of year		13,383,589		16,545,102	

The company is a qualifying entity for the purpose of FRS 102 and has elected to take the exemption under FRS 102, para 1.12 (b) not to present the Company statement of cash flows.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Hanover Displays Limited and Subsidiary Companies ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Southerham House, Southerham Lane, Lewes, East Sussex, BN8 6JN.

The group consists of Hanover Displays Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The accounts comply with FRS 102.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

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

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

The subsidiaries have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of the subsidiaries for the twelve month period.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

The results of the group companies Hanover SRL, Hanover Displays BV and Hanover Nordic APS have been excluded from the consolidation as exempt under Section 405(2) of the Companies Act 2006 as their inclusion, both individually and collectively, is not material for the purpose of giving a true and fair view.

1.3 Going concern

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

1.4 Turnover

Revenue from the sale of all passenger information and display systems, parts and related services is recognised at the point and time of dispatch to customers excluding all sales taxes, rebates and early settlement discounts.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

1.6 Intangible fixed assets - goodwill

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

1.7 Intangible fixed assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be reliably measured.

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

Intellectual property	10 years straight line
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1.8 Tangible fixed assets

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

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

Freehold land and buildings	Buildings 50 years, Land not depreciated
Property alterations	Remaining lease term where appropriate
Plant and equipment	3 - 10 years straight line
Fixtures and fittings	3 - 10 years straight line
Computers	3 - 10 years straight line
Motor vehicles	3 - 10 years straight line

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

1.9 Fixed asset 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, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

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

1.11 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.

Cost is calculated using the FIFO method.

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.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Cash and cash equivalents

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

1.13 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.14 Equity instruments

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

1.15 Taxation

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

Current tax

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

Deferred tax

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

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.16 Provisions

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

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

1.17 Employee benefits

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

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

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

1.18 Retirement benefits

The group operates a defined contribution pension scheme or other schemes as required by local regulation. The pension costs charged to the financial statements represents the contributions payable by the company during the year.

1.19 Leases

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

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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 these estimates.

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty (Continued)

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.

Warranty repairs

Provision is made for the average cost of annual repairs over the estimated remaining life of a bus sign.

Stock provision

Full provision is made on all items of free stock over 12 months historic usage.

Dilapidations provision

Full provision is made to restore leased buildings to their original condition as required under the lease.

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
The sale of goods	48,302,397	40,881,354
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	49,870	72,659
Dividends received	5,035	2,539
	<u> </u>	<u> </u>

In the opinion of the directors it would be seriously prejudicial to the interests of the company to disclose turnover between geographical markets.

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	261,568	(325,328)
Research and development costs	5,394,227	3,940,706
Depreciation of owned tangible fixed assets	1,258,364	1,006,423
Loss on disposal of tangible fixed assets	300	5,384
Amortisation of intangible assets	32,622	-
Operating lease charges	472,014	378,119
	<u> </u>	<u> </u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	26,650	30,550
For other services		
All other non-audit services	3,570	4,830

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Office management and development	95	77	75	62
Manufacturing	145	132	111	107
Sales	61	60	15	14
Total	301	269	201	183

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	13,603,286	12,084,982	9,139,383	7,930,300
Social security costs	1,833,498	1,702,538	861,671	763,445
Pension costs	579,364	454,515	340,937	259,778
	16,016,148	14,242,035	10,341,991	8,953,523

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	1,249,874	1,143,424
Company pension contributions to defined contribution schemes	31,707	24,847
	1,281,581	1,168,271

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 5).

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration

(Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	245,738	210,648

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	49,870	71,298
Other interest income	-	1,361
Total interest revenue	49,870	72,659
Other income from investments		
Dividends received	5,035	2,539
Total income	54,905	75,198

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	49,870	71,298
Dividends from financial assets measured at fair value through profit or loss	5,035	2,539

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	-	1,869
Other finance costs:		
Other interest	-	(401)
Total finance costs	-	1,468

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Amounts written off investments

	2019 £	2018 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	2,077,641	129,071
Other gains/(losses)		
Loss on disposal of investments held at fair value	(75,879)	-
	<u>2,001,762</u>	<u>129,071</u>

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	150,292	330,184
Adjustments in respect of prior periods	12,306	300
Total UK current tax	<u>162,598</u>	<u>330,484</u>
Foreign current tax on profits for the current period	<u>685,395</u>	<u>564,156</u>
Total current tax	<u>847,993</u>	<u>894,640</u>
Deferred tax		
Origination and reversal of timing differences	<u>828,423</u>	<u>65,364</u>
Total tax charge	<u>1,676,416</u>	<u>960,004</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation

(Continued)

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

	2019 £	2018 £
Profit before taxation	7,398,934	6,222,095
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,405,797	1,182,198
Tax effect of expenses that are not deductible in determining taxable profit	119,564	2,088
Tax effect of income not taxable in determining taxable profit	(51,678)	(8,364)
Permanent capital allowances in excess of depreciation	(93,585)	25,804
Other permanent differences	(237,871)	(346,022)
Effect of overseas tax rates	282,036	133,492
Under/(over) provision prior years	12,306	300
Deferred tax	634,599	(4,969)
Fair value adjustments	(394,752)	(24,523)
Taxation charge	1,676,416	960,004

12 Dividends

	2019 £	2018 £
Interim paid	523,089	430,308

13 Intangible fixed assets

Group	Goodwill £	Intellectual property £	Total £
Cost			
At 1 January 2019 and 31 December 2019	15,441	164,211	179,652
Amortisation and impairment			
At 1 January 2019	15,441	-	15,441
Amortisation charged for the year	-	32,622	32,622
At 31 December 2019	15,441	32,622	48,063
Carrying amount			
At 31 December 2019	-	131,589	131,589
At 31 December 2018	-	164,211	164,211

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Intangible fixed assets

(Continued)

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Tangible fixed assets

Group	Freehold land and buildings £	Property alterations £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost							
At 1 January 2019	5,811,448	2,525,407	6,237,130	1,036,872	1,077,945	72,433	16,761,235
Additions	70,137	196,720	2,096,919	60,030	232,876	-	2,656,682
Disposals	-	(800)	-	-	-	-	(800)
At 31 December 2019	5,881,585	2,721,327	8,334,049	1,096,902	1,310,821	72,433	19,417,117
Depreciation and impairment							
At 1 January 2019	336,877	1,109,000	4,413,015	822,509	739,732	65,525	7,486,658
Depreciation charged in the year	121,602	353,882	608,321	65,488	107,222	1,849	1,258,364
Eliminated in respect of disposals	-	(500)	-	-	-	-	(500)
At 31 December 2019	458,479	1,462,382	5,021,336	887,997	846,954	67,374	8,744,522
Carrying amount							
At 31 December 2019	5,423,106	1,258,945	3,312,713	208,905	463,867	5,059	10,672,595
At 31 December 2018	5,474,571	1,416,407	1,824,115	214,363	338,213	6,908	9,274,577

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Tangible fixed assets

(Continued)

Company	Freehold land and buildings £	Property alterations £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost							
At 1 January 2019	2,087,622	2,497,363	4,465,117	1,036,872	1,077,945	54,642	11,219,561
Additions	-	191,480	855,364	60,030	232,876	-	1,339,750
Disposals	-	(800)	-	-	-	-	(800)
At 31 December 2019	2,087,622	2,688,043	5,320,481	1,096,902	1,310,821	54,642	12,558,511
Depreciation and impairment							
At 1 January 2019	108,248	1,090,074	3,107,063	822,509	739,732	54,642	5,922,268
Depreciation charged in the year	37,904	347,483	309,223	65,488	107,222	-	867,320
Eliminated in respect of disposals	-	(500)	-	-	-	-	(500)
At 31 December 2019	146,152	1,437,057	3,416,286	887,997	846,954	54,642	6,789,088
Carrying amount							
At 31 December 2019	1,941,470	1,250,986	1,904,195	208,905	463,867	-	5,769,423
At 31 December 2018	1,979,374	1,407,289	1,358,054	214,363	338,213	-	5,297,293

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	14,492	-	76,983	62,491
Unlisted investments		1,303	27	-	-
		<u>15,795</u>	<u>27</u>	<u>76,983</u>	<u>62,491</u>

Movements in fixed asset investments

Group	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 January 2019	-	27	27
Additions	14,492	1,276	15,768
At 31 December 2019	<u>14,492</u>	<u>1,303</u>	<u>15,795</u>
Carrying amount			
At 31 December 2019	<u>14,492</u>	<u>1,303</u>	<u>15,795</u>
At 31 December 2018	<u>-</u>	<u>27</u>	<u>27</u>

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2019	62,491
Additions	14,492
At 31 December 2019	<u>76,983</u>
Carrying amount	
At 31 December 2019	<u>76,983</u>
At 31 December 2018	<u>62,491</u>

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Hanover SRL	Italy	Sign Distributor	Ordinary	80.00
Hanover SL	Spain	Sign Distributor	Ordinary	85.00
Hanover Sarl	France	Sign Distributor	Ordinary	80.00
Hanover Displays Pty Ltd	Australia	Sign Distributor	Ordinary	100.00
Hanover Displays Inc	USA	Sign Manufacturer	Ordinary	100.00
Hanover Displays GmbH	Germany	Sign Distributor	Ordinary	100.00
Hanover Displays BV	Belgium	Dormant	Ordinary	100.00

Investment in subsidiaries - cost £82,149 (2018: £67,657), provision for impairment £5,165 (2018: £5,165), net book value £76,983 (2018: £62,491).

17 Associates

Details of associates at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Hanover Nordic APS	Denmark	Dormant	Ordinary	40

The latest available accounts for Hanover Nordic APS are those for the year ended 31 December 2018. The accounts show the entity to be dormant. The company is currently in legal dispute with Hanover Nordic APS.

Shares in participating interest - cost brought forward £189,627 (2018: £189,627), provision for impairment £189,627 (2018: £189,627), net book value £nil (2018: £nil).

18 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	14,531,903	10,287,184	14,525,194	10,287,184

19 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	10,023,691	7,197,989	6,624,140	4,946,222
Work in progress	278,641	404,067	260,238	404,067
	10,302,332	7,602,056	6,884,378	5,350,289

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Stocks

(Continued)

Stocks are stated after a stock provision of £1,142,271 (2018: £1,131,303). The results for the year include an increase in stock provision of £10,968 (2018: £92,532).

20 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	9,656,000	10,868,845	3,967,041	4,224,043
Corporation tax recoverable	95,043	-	95,043	-
Amounts owed by group undertakings	-	-	1,371,748	651,467
Other debtors	2,682,719	504,958	2,455,009	386,691
Prepayments and accrued income	533,628	450,608	473,597	383,946
	<u>12,967,390</u>	<u>11,824,411</u>	<u>8,362,438</u>	<u>5,646,147</u>
Deferred tax asset (note 25)	224,135	82,155	-	-
	<u>13,191,525</u>	<u>11,906,566</u>	<u>8,362,438</u>	<u>5,646,147</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	4,179,043	4,421,126
Other debtors	10,672	6,610	-	-
	<u>10,672</u>	<u>6,610</u>	<u>4,179,043</u>	<u>4,421,126</u>
Total debtors	<u>13,202,197</u>	<u>11,913,176</u>	<u>12,541,481</u>	<u>10,067,273</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Current asset investments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Listed investments	5,595,886	2,532,712	5,595,886	2,532,712
Unlisted investments	8,936,017	7,754,472	8,929,308	7,754,472
	<u>14,531,903</u>	<u>10,287,184</u>	<u>14,525,194</u>	<u>10,287,184</u>
Listed investments included above:				
Listed investments carrying amount	<u>5,595,886</u>	<u>2,532,712</u>	<u>5,595,886</u>	<u>2,532,712</u>

Market value of listed investments held by the group and the company £5,595,886 (2018: £2,532,712).

Historic cost of Listed investments £5,170,017 (2018: £3,009,649). Unlisted investments £5,185,395 (2018: £5,185,395).

Listed investments movement for the year comprises additions of £2,564,044 (2018: £2,152,338), disposals of £327,798 (2018: £nil) and fair value adjustments of £902,805 (2018: £214,980). Unlisted investments movement for the year comprises fair value adjustments of £1,174,836 (2018: £344,051).

If all listed and unlisted investments were sold at their valuation, an estimated tax charge of £576,984 (2018: £187,507) would arise.

22 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	23	6,274	3,888	-	-
Trade creditors		4,448,381	3,206,238	3,254,748	2,580,677
Amounts owed to group undertakings		-	-	3,180,137	2,434,926
Corporation tax payable		213,222	304,586	-	44,759
Other taxation and social security		1,339,887	1,567,347	270,327	225,298
Other creditors		798,787	675,721	721,481	545,492
Accruals and deferred income		1,667,650	1,721,007	1,170,310	1,140,540
		<u>8,474,201</u>	<u>7,478,787</u>	<u>8,597,003</u>	<u>6,971,692</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	6,274	3,888	-	-
Payable within one year	6,274	3,888	-	-

24 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Other provisions		2,992,787	3,101,339	2,687,880	2,815,472
Deferred tax liabilities	25	1,220,946	256,806	808,232	173,633
		4,213,733	3,358,145	3,496,112	2,989,105

Movements on provisions apart from deferred tax liabilities:

Group	£
At 1 January 2019	3,101,339
Additional provisions in the year	27,858
Reversal of provision	(136,410)
At 31 December 2019	2,992,787
	Other provisions
Company	£
At 1 January 2019	2,815,472
Additional provisions in the year	8,818
Reversal of provision	(136,410)
At 31 December 2019	2,687,880

Other provisions relate to the liability for future warranty repairs on the group's products calculated at net present value over the average life of the product, and the obligation of the company upon termination of their lease to return the factory to its original state.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Group				
Accelerated capital allowances	643,962	89,037	-	-
Tax losses	-	-	224,135	82,155
Revaluations	576,984	167,769	-	-
	<u>1,220,946</u>	<u>256,806</u>	<u>224,135</u>	<u>82,155</u>
	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Company				
Accelerated capital allowances	231,248	5,864	-	-
Revaluations	576,984	167,769	-	-
	<u>808,232</u>	<u>173,633</u>	<u>-</u>	<u>-</u>
			Group 2019 £	Company 2019 £
Movements in the year:				
Liability at 1 January 2019			174,651	173,633
Charge to profit or loss			822,160	634,599
Liability at 31 December 2019			<u>996,811</u>	<u>808,232</u>

The estimated amount of the deferred tax liabilities expected to reverse during the year beginning after the reporting period is £75,898 (2018: £26,000).

26 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>579,364</u>	<u>454,515</u>

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

27 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
415,150 Ordinary of £1 each	415,150	415,150

The company has one class of ordinary shares which carry no right to fixed income.

28 Share premium account

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
At the beginning and end of the year	30,780	30,780	30,780	30,780

29 Capital redemption reserve

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
At the beginning and end of the year	116,220	116,220	116,220	116,220

30 Reserves - non distributable

Accumulated reserves include fair value adjustments totalling £4,169,782 (2018: £2,092,141) which are not available for distribution until realised.

31 Profit and loss reserves

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
At the beginning of the year	42,042,269	37,439,691	30,837,492	27,895,353
Profit for the year	5,488,509	5,074,467	3,430,200	3,361,441
Dividends	(523,089)	(430,308)	(523,089)	(419,302)
Currency translation differences	(596,764)	(32,736)	-	-
Other comprehensive income of associates and jointly controlled entities accounted for using the equity method	113,819	(8,845)	-	-
At the end of the year	46,524,744	42,042,269	33,744,603	30,837,492

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

32 Financial commitments, guarantees and contingent liabilities

A contingent liability has been estimated at £356,551 (2018: £267,855) for possible retirement benefits in France.

There is a management fee commitment in Australia, estimated at £696,277 (2018: £836,327).

33 Operating lease commitments

Lessee

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	554,063	437,096	499,116	379,116
Between two and five years	1,392,464	760,190	1,381,058	690,174
	<u>1,946,527</u>	<u>1,197,286</u>	<u>1,880,174</u>	<u>1,069,290</u>

Operating lease payments recognised as an expense in the year £472,014 (2018: £ 378,119).

34 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Acquisition of tangible fixed assets	<u>1,438,187</u>	<u>67,546</u>	<u>1,438,187</u>	<u>67,546</u>

35 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>1,281,581</u>	<u>1,168,271</u>

Transactions with related parties

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

35 Related party transactions

(Continued)

The director D G Williams holds 20% of the issued share capital in the subsidiary companies Hanover Sarl and Hanover SRL, and holds 5% of the issued share capital in Hanover SL.

During the year the following transactions took place between Hanover Displays Ltd and its group undertakings and/or connected parties.

Hanover Sarl: A total of £7,961,213 of sales (2018: £6,962,341) and £1,759,827 of purchases (2018: £1,634,018) were undertaken in the year. At the balance sheet date £3,180,137 was due to Hanover Sarl (2018: £2,434,926). Loan interest was paid on the intercompany loan account of £41,974 (2018: £3,014).

Hanover Displays SL: A total of £2,648,253 of sales (2018: £1,236,300) and £52,433 of purchases (2018: £99,634) were undertaken in the year. At the balance sheet date £133,054 was due from Hanover Displays SL (2018: £38,662).

No details are included for Hanover Displays Pty Ltd, Hanover Displays Inc or Hanover Displays GmbH as the exemption for 100% owned subsidiaries is being claimed.

No guarantees have been given or received.

36 Directors' transactions

During the year dividends totalling £452,592 (2018: £373,797) were paid to the director D G Williams and dividends of £5,040 (2018: £4,040) were paid to the director A J Williams and dividends of £315 (2018: £253) were paid to the director S Aplin from Hanover Displays Ltd.

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Short term loan	-	-	1,628,408	1,628,408
		-	1,628,408	1,628,408

37 Controlling party

The company is controlled by the director, D G Williams by reason of his shareholding.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

38 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	5,722,518	5,262,091
Adjustments for:		
Taxation charged	1,676,416	960,004
Finance costs	-	1,468
Investment income	(54,905)	(75,198)
Loss on disposal of tangible fixed assets	300	5,384
Amortisation and impairment of intangible assets	32,622	-
Depreciation and impairment of tangible fixed assets	1,258,364	1,006,424
Amounts written off investments	(2,001,762)	(129,071)
(Decrease)/increase in provisions	(108,552)	21,468
Movements in working capital:		
Increase in stocks	(2,700,276)	(1,633,742)
Decrease/(increase) in debtors	576,810	(2,156,239)
Increase in creditors	1,084,392	1,021,011
Cash generated from operations	5,485,927	4,283,600

39 Cash generated from operations - company

	2019 £	2018 £
Profit for the year after tax	3,430,200	3,361,441
Adjustments for:		
Taxation charged	797,197	325,515
Finance costs	41,974	2,613
Investment income	(405,092)	(116,324)
Loss on disposal of tangible fixed assets	300	1,886
Depreciation and impairment of tangible fixed assets	867,320	728,054
Amounts written off investments	(2,001,762)	(129,071)
Decrease in provisions	(127,592)	(30,255)
Movements in working capital:		
Increase in stocks	(1,534,089)	(1,119,820)
Increase in debtors	(750,357)	(591,266)
Increase/(decrease) in creditors	1,670,070	(249,037)
Cash generated from operations	1,988,169	2,183,736

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

40 Analysis of changes in net funds - group

	1 January 2019	Cash flows	Exchange rate movements	31 December 2019
	£	£	£	£
Cash at bank and in hand	16,545,102	(2,564,749)	(596,764)	13,383,589
Borrowings excluding overdrafts	(3,888)	(2,386)	-	(6,274)
	<u>16,541,214</u>	<u>(2,567,135)</u>	<u>(596,764)</u>	<u>13,377,315</u>

41 Analysis of changes in net funds - company

	1 January 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	10,295,909	(3,693,500)	6,602,409
	<u>10,295,909</u>	<u>(3,693,500)</u>	<u>6,602,409</u>