

Company registration number 01876684 (England and Wales)

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 S A Winter (Appointed 28 May 2021) |
| 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

CONTENTS

| | Page |
|---|---------|
| Strategic report | 1 - 2 |
| Directors' report | 3 - 4 |
| Directors' responsibilities statement | 5 |
| Independent auditor's report | 6 - 8 |
| Income statement | 9 |
| Group statement of comprehensive income | 10 |
| Group statement of financial position | 11 - 12 |
| Company statement of financial position | 13 |
| Group statement of changes in equity | 14 - 15 |
| Company statement of changes in equity | 16 |
| Group statement of cash flows | 17 |
| Notes to the financial statements | 18 - 41 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

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 company continues to work hard to keep its employees safe and its business viable, and where it endeavors 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

In common with many businesses, the Covid-19 pandemic meant 2021 was a challenging year. Setting aside this unprecedented factor, the Group delivered a credible financial performance for the year ended 31 December 2021. Turnover was down slightly on the previous year at £41.5m (2020: £43.0m), largely a consequence of the pandemic. However, the decline in turnover was broadly mitigated by an improvement in gross profit margin and by savings in overhead linked to a reduction in headcount. Net profit was adversely impacted by a £0.4m loss in the fair value of our investments (2020: £2.1m gain).

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, especially at this time. However, we continue to monitor market information, sales prospects and orders on a regular basis to assist in anticipating future demand.

The scope and impact of Covid-19 is continually evolving and Hanover will continue to refine its contingency plans accordingly.

The Group monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers. The business also seeks to reduce the risk from its supply base and every effort is made to dual source critical parts and components.

We continue to monitor the impact of the UK's exit from the European Union on our future operations, however, we are confident that based on the rules currently applicable, Hanover can continue to operate in a tariff free environment. The impact of non-tariff measures is being dealt with effectively through close relationships with our freight forwarders.

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Brexit, Covid-19, inflationary pressures and component shortage issues will no doubt continue to provide a new round of challenges in the months to come, but the Group's positive emergence from these current difficulties has shown Hanover to be capable of considerable change and great resilience and we are confident that this bodes well for the future.

Key performance indicators

| | 2021 | 2020 | 2019 |
|----------------------------------|--------|--------|--------|
| Turnover £'000 | 41,450 | 42,971 | 48,302 |
| Turnover growth | -3.5% | -11.0% | +18.1% |
| Gross profit margin | 58.5% | 57.4% | 56.6% |
| Profit / (Loss) before tax £'000 | 4,563 | 5,953 | 7,399 |
| Net profit margin | 11.0% | 13.9% | 15.3% |

Other performance indicators

The Group's net assets at 31 December 2021 were £54.8m (2020: £54.5m) and employee numbers decreased to 290 (2020: 317).

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 and market share in the major markets.

By order of the board

R L Colquhoun
Secretary

28 September 2022

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

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

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £323,622. The directors do not recommend payment of a further dividend.

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
D A Williams
C W Stewart
S A Winter

(Appointed 28 May 2021)

Financial instruments

The group's financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the group's operations. Due to the nature of these funds, there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned are as follows. In respect of bank balances use of overdraft facilities are minimised. 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 innovative 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.

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 2021

Energy and carbon report

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019. The figures below represents Hanover Displays energy use and associated greenhouse gas (GHG) emissions from electricity and fuel in the UK.

2021 2020

Energy consumption used to calculate emissions (kWh)

Total Energy Consumption (kWh) 1,389,053 1,225,194

Energy consumption break down (kWh):

Natural gas 89,833 64,467

Electricity 1,189,185 1,049,201

Diesel 40,997 35,539

LPG 69,039 75,987

Scope 1 emissions in metric tonnes CO2e

Natural gas 16.19 11.67

Diesel 9.56 8.41

LPG 14.57 16.04

Scope 2 emissions in metric tonnes CO2e

Electricity 248.51 240.75

Total gross emissions in metric tonnes CO2e 288.84 276.87

Intensity ratio tonnes CO2e per tonne produced 0.92 0.81

Emissions have been grouped according to the GHG Protocol Corporate Standard. CO2 emissions have been calculated using the 2021 UK Government Conversion Factors for Company Reporting.

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

28 September 2022

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 ;
- prepare the 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 (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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 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 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.

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

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that 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). 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:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the sector in which it operates.
- We obtained an understanding of how the group is complying with the legal and regulatory frameworks by making inquiries to management.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgments made by management in its significant accounting estimates;
 - identifying and testing journal entries.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgments made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with the relevant laws and regulations.

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

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

29 September 2022

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 2021

| | Notes | 2021 £ | 2020 £ |
|---|-----------|--------------|--------------|
| Turnover | 3 | 41,450,155 | 42,971,323 |
| Cost of sales | | (17,197,827) | (18,295,841) |
| Gross profit | | 24,252,328 | 24,675,482 |
| Administrative expenses | | (20,458,529) | (21,713,502) |
| Other operating income | | 1,116,680 | 813,866 |
| Operating profit | 4 | 4,910,479 | 3,775,846 |
| Interest receivable and similar income | 8 | 11,540 | 15,207 |
| Interest payable and similar expenses | 9 | - | (4,063) |
| Change in value of investments | 10 | (358,565) | 2,166,482 |
| Profit before taxation | | 4,563,454 | 5,953,472 |
| Tax on profit | 11 | (718,044) | (1,247,211) |
| Profit for the financial year | 32 | 3,845,410 | 4,706,261 |
| Profit for the financial year is attributable to: | | | |
| - Owners of the parent company | | 3,819,664 | 4,452,474 |
| - Non-controlling interests | | 25,746 | 253,787 |
| | | 3,845,410 | 4,706,261 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Profit for the year | 3,845,410 | 4,706,261 |
| Other comprehensive income | | |
| Currency translation differences | (834,988) | 684,968 |
| Total comprehensive income for the year | <u>3,010,422</u> | <u>5,391,229</u> |
| Total comprehensive income for the year is attributable to: | | |
| - Owners of the parent company | 3,009,480 | 5,195,280 |
| - Non-controlling interests | 942 | 195,949 |
| | <u>3,010,422</u> | <u>5,391,229</u> |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|--------------------|--------------------------|--------------------|--------------------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | 71,031 | | 100,504 |
| Tangible assets | 14 | | 11,467,089 | | 11,719,076 |
| Investments | 15 | | 8,859 | | 8,859 |
| | | | <u>11,546,979</u> | | <u>11,828,439</u> |
| Current assets | | | | | |
| Stocks | 19 | 11,994,574 | | 11,197,294 | |
| Debtors | 20 | 9,789,939 | | 10,923,978 | |
| Investments | 21 | 16,310,246 | | 16,705,064 | |
| Cash at bank and in hand | | 16,931,758 | | 16,374,795 | |
| | | <u>55,026,517</u> | | <u>55,201,131</u> | |
| Creditors: amounts falling due within one year | 22 | (7,366,005) | | (7,547,663) | |
| Net current assets | | | <u>47,660,512</u> | | <u>47,653,468</u> |
| Total assets less current liabilities | | | <u>59,207,491</u> | | <u>59,481,907</u> |
| Creditors: amounts falling due after more than one year | 23 | | - | | (445,467) |
| Provisions for liabilities | | | | | |
| Provisions | 25 | 2,786,838 | | 2,998,546 | |
| Deferred tax liability | 26 | 1,607,031 | | 1,551,264 | |
| | | <u>(4,393,869)</u> | | <u>(4,549,810)</u> | |
| Net assets | | | <u><u>54,813,622</u></u> | | <u><u>54,486,630</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 28 | | 414,900 | | 415,150 |
| Share premium account | 29 | | 30,780 | | 30,780 |
| Capital redemption reserve | 30 | | 116,470 | | 116,220 |
| Profit and loss reserves | 32 | | 53,869,140 | | 51,263,359 |
| Equity attributable to owners of the parent company | | | <u>54,431,290</u> | | <u>51,825,509</u> |
| Non-controlling interests | | | <u>382,332</u> | | <u>2,661,121</u> |
| | | | <u><u>54,813,622</u></u> | | <u><u>54,486,630</u></u> |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 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 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|-------------|-------------|-------------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 14 | 7,070,129 | | 7,146,556 | |
| Investments | 15 | 2,401,158 | | 71,350 | |
| | | | 9,471,287 | | 7,217,906 |
| Current assets | | | | | |
| Stocks | 19 | 7,981,290 | | 7,557,024 | |
| Debtors | 20 | 10,209,411 | | 9,828,594 | |
| Investments | 21 | 16,310,246 | | 16,697,979 | |
| Cash at bank and in hand | | 8,250,232 | | 7,056,363 | |
| | | | 42,751,179 | | 41,139,960 |
| Creditors: amounts falling due within one year | 22 | (4,635,768) | | (7,244,012) | |
| Net current assets | | | 38,115,411 | | 33,895,948 |
| Total assets less current liabilities | | | 47,586,698 | | 41,113,854 |
| Provisions for liabilities | | | | | |
| Provisions | 25 | 2,437,092 | | 2,665,635 | |
| Deferred tax liability | 26 | 1,259,742 | | 1,181,773 | |
| | | | (3,696,834) | | (3,847,408) |
| Net assets | | | 43,889,864 | | 37,266,446 |
| Capital and reserves | | | | | |
| Called up share capital | 28 | 414,900 | | 415,150 | |
| Share premium account | 29 | 30,780 | | 30,780 | |
| Capital redemption reserve | 30 | 116,470 | | 116,220 | |
| Profit and loss reserves | 32 | 43,327,714 | | 36,704,296 | |
| Total equity | | | 43,889,864 | | 37,266,446 |

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 £6,977,040 (2020 - £3,416,359 profit).

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 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 2021

| | Share capital | Share premium account | Capital redemption reserve | Profit and loss reserves | Total controlling interest | Non-controlling interest | Total |
|---|---------------|-----------------------|----------------------------|--------------------------|----------------------------|--------------------------|------------|
| Notes | £ | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2020 | 415,150 | 30,780 | 116,220 | 46,524,744 | 47,086,894 | 2,465,172 | 49,552,066 |
| Year ended 31 December 2020: | | | | | | | |
| Profit for the year | - | - | - | 4,452,474 | 4,452,474 | 253,787 | 4,706,261 |
| Other comprehensive income: | | | | | | | |
| Currency translation differences | - | - | - | 684,968 | 684,968 | - | 684,968 |
| Amounts attributable to non-controlling interests | - | - | - | 57,838 | 57,838 | (57,838) | - |
| Total comprehensive income for the year | - | - | - | 5,195,280 | 5,195,280 | 195,949 | 5,391,229 |
| Dividends | 12 | - | - | (456,665) | (456,665) | - | (456,665) |
| Balance at 31 December 2020 | 415,150 | 30,780 | 116,220 | 51,263,359 | 51,825,509 | 2,661,121 | 54,486,630 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Share capital | Share premium account | Capital redemption reserve | Profit and loss reserves | Total non-controlling interest | Total |
|--|---------------|-----------------------|----------------------------|--------------------------|--------------------------------|-------------|
| Notes | £ | £ | £ | £ | £ | £ |
| Year ended 31 December 2021: | | | | | | |
| Profit for the year | - | - | - | 3,819,664 | 3,819,664 | 25,746 |
| Other comprehensive income: | | | | | | 3,845,410 |
| Currency translation differences | - | - | - | (834,988) | (834,988) | - |
| Amounts attributable to non-controlling interests | - | - | - | 24,804 | 24,804 | (24,804) |
| | | | | | | - |
| Total comprehensive income for the year | | | | 3,009,480 | 3,009,480 | 942 |
| Dividends | 12 | - | - | (323,622) | (323,622) | - |
| Own shares acquired | - | - | - | (30,000) | (30,000) | - |
| Redemption of shares | 28 | - | 250 | - | 250 | 250 |
| Reduction of shares | 28 | (250) | - | - | (250) | (250) |
| Purchase of shares in subsidiary from non-controlling interest | - | - | - | (50,077) | (50,077) | (2,279,731) |
| | | | | | | (2,329,808) |
| Balance at 31 December 2021 | 414,900 | 30,780 | 116,470 | 53,869,140 | 54,431,290 | 382,332 |
| | | | | | | 54,813,622 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | Share capital £ | Share premium account £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|----------------------------------|---------------------------------------|----------------------------------|------------|
| Balance at 1 January 2020 | | 415,150 | 30,780 | 116,220 | 33,744,603 | 34,306,753 |
| Year ended 31 December 2020: | | | | | | |
| Profit and total comprehensive income for the year | | - | - | - | 3,416,358 | 3,416,358 |
| Dividends | 12 | - | - | - | (456,665) | (456,665) |
| Balance at 31 December 2020 | | 415,150 | 30,780 | 116,220 | 36,704,296 | 37,266,446 |
| Year ended 31 December 2021: | | | | | | |
| Profit and total comprehensive income for the year | | - | - | - | 6,977,040 | 6,977,040 |
| Dividends | 12 | - | - | - | (323,622) | (323,622) |
| Own shares acquired | | - | - | - | (30,000) | (30,000) |
| Redemption of shares | 28 | - | - | 250 | - | 250 |
| Reduction of shares | 28 | (250) | - | - | - | (250) |
| Balance at 31 December 2021 | | 414,900 | 30,780 | 116,470 | 43,327,714 | 43,889,864 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

| | | 2021 | | 2020 | |
|--|-------|--------------------------|---|--------------------------|---|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 39 | 5,848,541 | | 4,704,790 | |
| Interest paid | | - | | (4,063) | |
| Income taxes paid | | (933,338) | | (789,380) | |
| Net cash inflow from operating activities | | <u>4,915,203</u> | | <u>3,911,347</u> | |
| Investing activities | | | | | |
| Purchase of intangible assets | | (4,180) | | (1,882) | |
| Purchase of tangible fixed assets | | (1,190,799) | | (2,567,805) | |
| Proceeds on disposal of tangible fixed assets | | 68,203 | | 20,610 | |
| Purchase of fixed asset investments | | - | | 6,936 | |
| Other investments and loans made | | 36,253 | | (72,934) | |
| Proceeds from other investments and loans | | 733,688 | | 961,375 | |
| Interest received | | 3,430 | | 9,013 | |
| Dividends received | | 8,110 | | 6,194 | |
| Net cash used in investing activities | | <u>(345,295)</u> | | <u>(1,638,493)</u> | |
| Financing activities | | | | | |
| Purchase of own shares | | (30,000) | | - | |
| Repayment of bank loans | | (494,527) | | 490,049 | |
| Purchase of shares in subsidiary from non-controlling interest | | (2,329,808) | | - | |
| Dividends paid to equity shareholders | | (323,622) | | (456,665) | |
| Net cash (used in)/generated from financing activities | | <u>(3,177,957)</u> | | <u>33,384</u> | |
| Net increase in cash and cash equivalents | | <u>1,391,951</u> | | <u>2,306,238</u> | |
| Cash and cash equivalents at beginning of year | | 16,374,795 | | 13,383,589 | |
| Effect of foreign exchange rates | | (834,988) | | 684,968 | |
| Cash and cash equivalents at end of year | | <u><u>16,931,758</u></u> | | <u><u>16,374,795</u></u> | |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 Business combinations

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.

1.3 Basis of consolidation

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 2021. 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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.5 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.

1.6 Research and development expenditure

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

1.7 Intangible fixed assets - goodwill

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

1.8 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:

| | |
|-----------------------|------------------------|
| Software | 3 years straight line |
| Intellectual property | 10 years straight line |

1.9 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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.14 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.

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.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

1.15 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.

1.16 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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 Government grants

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

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

1.22 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.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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

| | 2021 £ | 2020 £ |
|---|-------------------|-------------------|
| Turnover analysed by class of business | | |
| The sale of goods | 41,450,155 | 42,971,323 |
| | <u> </u> | <u> </u> |
| | 2021 £ | 2020 £ |
| Other revenue | | |
| Interest income | 3,430 | 9,013 |
| Dividends received | 8,110 | 6,194 |
| Grants received | 1,114,832 | 812,179 |
| | <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.

The group received government grants during the year of £1,114,832 (2020: £812,179) to help support it through the Covid-19 pandemic.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Operating profit

| | 2021 £ | 2020 £ |
|---|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange losses/(gains) | 130,196 | (94,842) |
| Research and development costs | 4,215,563 | 5,522,397 |
| Government grants | (1,114,832) | (812,179) |
| Depreciation of owned tangible fixed assets | 1,367,608 | 1,512,854 |
| Loss/(profit) on disposal of tangible fixed assets | 6,975 | (12,140) |
| Amortisation of intangible assets | 33,653 | 32,967 |
| Operating lease charges | 645,918 | 558,090 |
| | <u> </u> | <u> </u> |

5 Auditor's remuneration

| | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 31,800 | 27,296 |
| | <u> </u> | <u> </u> |
| For other services | | |
| All other non-audit services | 5,899 | 3,358 |
| | <u> </u> | <u> </u> |

6 Employees

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

| | Group 2021 Number | 2020 Number | Company 2021 Number | 2020 Number |
|-----------------------------------|-------------------------|-------------------|---------------------------|-------------------|
| Office management and development | 94 | 106 | 72 | 83 |
| Manufacturing | 134 | 148 | 101 | 112 |
| Sales | 62 | 63 | 14 | 14 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | 290 | 317 | 187 | 209 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Their aggregate remuneration comprised:

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-----------------------|--------------------|-------------------|----------------------|-------------------|
| Wages and salaries | 12,549,533 | 14,038,579 | 8,225,655 | 9,446,174 |
| Social security costs | 1,873,538 | 2,108,498 | 785,047 | 885,649 |
| Pension costs | 602,812 | 665,248 | 351,121 | 394,934 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 15,025,883 | 16,812,325 | 9,361,823 | 10,726,757 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Directors' remuneration

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Remuneration for qualifying services | 1,236,248 | 1,202,805 |
| Company pension contributions to defined contribution schemes | 34,477 | 35,400 |
| | <u>1,270,725</u> | <u>1,238,205</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2020 - 5).

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

| | 2021 £ | 2020 £ |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>231,670</u> | <u>235,334</u> |

8 Interest receivable and similar income

| | 2021 £ | 2020 £ |
|--------------------------------------|---------------|---------------|
| Interest income | | |
| Interest on bank deposits | 3,430 | 9,013 |
| Other income from investments | | |
| Dividends received | 8,110 | 6,194 |
| Total income | <u>11,540</u> | <u>15,207</u> |

Investment income includes the following:

| | | |
|--|---------|---------|
| Interest on financial assets not measured at fair value through profit or loss | 3,430 | 9,013 |
| Dividends from financial assets measured at fair value through profit or loss | 8,110 | 6,194 |
| | <u></u> | <u></u> |

9 Interest payable and similar expenses

| | 2021 £ | 2020 £ |
|--|-----------|--------------|
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | - | 3,545 |
| Other finance costs: | | |
| Other interest | - | 518 |
| Total finance costs | <u>-</u> | <u>4,063</u> |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Amounts written off investments

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Fair value gains/(losses) on financial instruments | | |
| (Loss)/gain on financial assets held at fair value through profit or loss | (362,119) | 2,139,107 |
| Other gains/(losses) | | |
| Gain on disposal of investments held at fair value | 3,554 | 27,375 |
| | <u>(358,565)</u> | <u>2,166,482</u> |

11 Taxation

| | 2021 £ | 2020 £ |
|---|----------------|------------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 9,094 | 76,296 |
| Foreign current tax on profits for the current period | 683,249 | 828,548 |
| Total current tax | <u>692,343</u> | <u>904,844</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 25,701 | 342,367 |
| Total tax charge | <u>718,044</u> | <u>1,247,211</u> |

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

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Profit before taxation | <u>4,563,454</u> | <u>5,953,472</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | 867,056 | 1,131,160 |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,785 | 9,528 |
| Permanent capital allowances in excess of depreciation | (108,876) | (83,783) |
| Other permanent differences | 970,508 | (180,806) |
| Effect of overseas tax rates | (35,403) | 404,001 |
| Dividend income | (1,123,798) | - |
| Deferred tax | 77,969 | 373,541 |
| Fair value adjustments | 68,803 | (406,430) |
| Taxation charge | <u>718,044</u> | <u>1,247,211</u> |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Dividends

| | 2021 | 2020 |
|--|---------|---------|
| | £ | £ |
| Recognised as distributions to equity holders: | | |
| Interim paid | 323,622 | 456,665 |

13 Intangible fixed assets

| Group | Goodwill | Software | Intellectual property | Total |
|------------------------------------|----------|----------|-----------------------|---------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 January 2021 | 15,441 | 1,882 | 164,211 | 181,534 |
| Additions | - | 4,180 | - | 4,180 |
| At 31 December 2021 | 15,441 | 6,062 | 164,211 | 185,714 |
| Amortisation and impairment | | | | |
| At 1 January 2021 | 15,441 | - | 65,589 | 81,030 |
| Amortisation charged for the year | - | 1,548 | 32,105 | 33,653 |
| At 31 December 2021 | 15,441 | 1,548 | 97,694 | 114,683 |
| Carrying amount | | | | |
| At 31 December 2021 | - | 4,514 | 66,517 | 71,031 |
| At 31 December 2020 | - | 1,882 | 98,622 | 100,504 |

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

| 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 2021 | 5,888,004 | 3,292,380 | 10,115,711 | 1,097,682 | 1,440,561 | 72,433 | 21,906,771 |
| Additions | 7,943 | 124,590 | 878,346 | - | 179,920 | - | 1,190,799 |
| Disposals | - | (23,724) | (28,854) | (31,009) | (57,717) | - | (141,304) |
| Transfers | (281,829) | - | 281,829 | - | - | - | - |
| At 31 December 2021 | 5,614,118 | 3,393,246 | 11,247,032 | 1,066,673 | 1,562,764 | 72,433 | 22,956,266 |
| Depreciation and impairment | | | | | | | |
| At 1 January 2021 | 601,575 | 1,876,973 | 5,708,659 | 939,101 | 992,165 | 69,222 | 10,187,695 |
| Depreciation charged in the year | 137,815 | 354,663 | 661,514 | 45,931 | 165,973 | 1,712 | 1,367,608 |
| Eliminated in respect of disposals | - | (4,694) | (4,613) | - | (56,819) | - | (66,126) |
| At 31 December 2021 | 739,390 | 2,226,942 | 6,365,560 | 985,032 | 1,101,319 | 70,934 | 11,489,177 |
| Carrying amount | | | | | | | |
| At 31 December 2021 | 4,874,728 | 1,166,304 | 4,881,472 | 81,641 | 461,445 | 1,499 | 11,467,089 |
| At 31 December 2020 | 5,286,429 | 1,415,407 | 4,407,052 | 158,581 | 448,396 | 3,211 | 11,719,076 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 | 2,087,622 | 3,259,096 | 6,992,303 | 1,097,682 | 1,440,561 | 54,642 | 14,931,906 |
| Additions | 1,800 | 124,590 | 706,384 | - | 179,920 | - | 1,012,694 |
| Disposals | - | (23,724) | (28,854) | (31,009) | (57,717) | - | (141,304) |
| At 31 December 2021 | 2,089,422 | 3,359,962 | 7,669,833 | 1,066,673 | 1,562,764 | 54,642 | 15,803,296 |
| Depreciation and impairment | | | | | | | |
| At 1 January 2021 | 184,056 | 1,849,734 | 3,765,652 | 939,101 | 992,165 | 54,642 | 7,785,350 |
| Depreciation charged in the year | 37,905 | 352,799 | 411,335 | 45,931 | 165,973 | - | 1,013,943 |
| Eliminated in respect of disposals | - | (4,694) | (4,613) | - | (56,819) | - | (66,126) |
| At 31 December 2021 | 221,961 | 2,197,839 | 4,172,374 | 985,032 | 1,101,319 | 54,642 | 8,733,167 |
| Carrying amount | | | | | | | |
| At 31 December 2021 | 1,867,461 | 1,162,123 | 3,497,459 | 81,641 | 461,445 | - | 7,070,129 |
| At 31 December 2020 | 1,903,566 | 1,409,362 | 3,226,651 | 158,581 | 448,396 | - | 7,146,556 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Fixed asset investments

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 16 | 8,859 | 8,859 | 2,401,158 | 71,350 |

Movements in fixed asset investments Group

Cost or valuation

At 1 January 2021 and 31 December 2021 8,859

Carrying amount

At 31 December 2021 8,859

At 31 December 2020 8,859

Movements in fixed asset investments Company

Cost or valuation

At 1 January 2021 71,350

Additions 2,329,808

At 31 December 2021 2,401,158

Carrying amount

At 31 December 2021 2,401,158

At 31 December 2020 71,350

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

| Name of undertaking | Address | 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 SAS | France | Sign Distributor | Ordinary | 100.00 |
| Hanover Displays P;y 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 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Subsidiaries

(Continued)

Registered office addresses:

- 1 Via Martiri Lager n. 98/D - 06128 Perugia, Italy
- 2 Av. De Las Americas, 4 Nave CB, 28823 Coslada, Spain
- 3 1974 Moyenne Corniche des Pugets, 06700 St Laurent du Var, France
- 4 Unit 2, Redlanc Drive, Mitcham, Victoria 3132, Australia
- 5 1601 Tonne Road, Elk Grove Village, Illinois 60007, United States
- 6 Nollenhammer Weg 16, 42349 Wuppertal, Germany
- 7 Kardinaal Mercierplein 2, 2800 Mechelen, Belgium

17 Associates

Details of associates at 31 December 2021 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 2020. These accounts show the entity has not traded for the year ended 31 December 2020. The company is currently in legal dispute with Hanover Nordic APS.

Shares in participating interest - cost brought forward £189,627 (2020: £189,627), provision for impairment £189,627 (2020: £189,627), net book value £nil (2019: £nil).

18 Financial instruments

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|--------------------|------------|----------------------|------------|
| Carrying amount of financial assets | | | | |
| Instruments measured at fair value through profit or loss | 16,705,064 | 10,670,150 | 16,697,979 | 14,525,194 |

19 Stocks

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-------------------------------|--------------------|------------|----------------------|-----------|
| Raw materials and consumables | 11,365,555 | 10,800,757 | 7,352,271 | 7,160,487 |
| Work in progress | 629,019 | 396,537 | 629,019 | 396,537 |
| | 11,994,574 | 11,197,294 | 7,981,290 | 7,557,024 |

Stocks are stated after a stock provision of £1,309,956 (2020: £1,224,016). The results for the year include an increase in stock provision of £85,940 (2020: £81,745).

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Debtors

| | Group 2021 | 2020 | Company 2021 | 2020 |
|--|------------------|-------------------|-------------------|------------------|
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 7,737,080 | 8,493,748 | 2,593,970 | 2,990,593 |
| Corporation tax recoverable | 31,315 | - | 19,717 | - |
| Amounts owed by group undertakings | - | - | 1,129,224 | 861,017 |
| Other debtors | 1,091,629 | 1,652,321 | 829,440 | 1,413,167 |
| Prepayments and accrued income | 688,763 | 559,508 | 2,391,511 | 526,922 |
| | <u>9,548,787</u> | <u>10,705,577</u> | <u>6,963,862</u> | <u>5,791,699</u> |
| Deferred tax asset (note 26) | 241,152 | 210,069 | - | - |
| | <u>9,789,939</u> | <u>10,915,646</u> | <u>6,963,862</u> | <u>5,791,699</u> |
| Amounts falling due after more than one year: | | | | |
| Amounts owed by group undertakings | - | - | 3,245,549 | 4,036,895 |
| Other debtors | - | 8,332 | - | - |
| | <u>-</u> | <u>8,332</u> | <u>3,245,549</u> | <u>4,036,895</u> |
| Total debtors | <u>9,789,939</u> | <u>10,923,978</u> | <u>10,209,411</u> | <u>9,828,594</u> |

21 Current asset investments

| | Group 2021 | 2020 | Company 2021 | 2020 |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Listed investments | 5,921,281 | 6,034,914 | 5,921,281 | 6,034,914 |
| Unlisted investments | 10,388,965 | 10,670,150 | 10,388,965 | 10,663,065 |
| | <u>16,310,246</u> | <u>16,705,064</u> | <u>16,310,246</u> | <u>16,697,979</u> |

Market value of listed investments at 31 December 2021 is £5,921,281 (2020: £6,034,914).

Historic cost of listed investments at 31 December 2021 is £5,178,081 (2020: £5,203,695). Historic cost of unlisted investments at 31 December 2021 is £5,185,395 (2020: £5,185,395).

Movement of listed investments for the year comprises additions of £9,342 (2020: £72,934), disposals of £38,510 (2020: £66,630) and fair value adjustments of £(88,018) (2020: £405,350). Movement of unlisted investments for the year comprises fair value adjustments of £(274,100) (2020: £1,733,757).

If all listed and unlisted investments were sold at their valuation, an estimated tax charge of £914,447 (2020: £981,105) would arise.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Creditors: amounts falling due within one year

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|------------------------------------|-------|--------------------|------------------|----------------------|------------------|
| Bank loans | 24 | 1,796 | 50,856 | - | - |
| Trade creditors | | 3,693,405 | 3,324,197 | 2,669,862 | 2,246,661 |
| Amounts owed to group undertakings | | - | - | 25,840 | 2,812,453 |
| Corporation tax payable | | 22,963 | 231,626 | - | 48,004 |
| Other taxation and social security | | 1,160,688 | 1,515,321 | 228,739 | 215,440 |
| Other creditors | | 807,661 | 850,034 | 758,871 | 799,576 |
| Accruals and deferred income | | 1,679,492 | 1,575,629 | 952,456 | 1,121,878 |
| | | <u>7,366,005</u> | <u>7,547,663</u> | <u>4,635,768</u> | <u>7,244,012</u> |

23 Creditors: amounts falling due after more than one year

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---------------------------|-------|--------------------|----------------|----------------------|-----------|
| Bank loans and overdrafts | 24 | - | 445,467 | - | - |
| | | <u>-</u> | <u>445,467</u> | <u>-</u> | <u>-</u> |

24 Loans and overdrafts

| | | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-------------------------|--|--------------------|----------------|----------------------|-----------|
| Bank loans | | 1,796 | 496,323 | - | - |
| | | <u>1,796</u> | <u>496,323</u> | <u>-</u> | <u>-</u> |
| Payable within one year | | 1,796 | 50,856 | - | - |
| Payable after one year | | - | 445,467 | - | - |
| | | <u>1,796</u> | <u>496,323</u> | <u>-</u> | <u>-</u> |

25 Provisions for liabilities

| | | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|------------------|--|--------------------|------------------|----------------------|------------------|
| Other provisions | | 2,786,838 | 2,998,546 | 2,437,092 | 2,665,635 |
| | | <u>2,786,838</u> | <u>2,998,546</u> | <u>2,437,092</u> | <u>2,665,635</u> |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Provisions for liabilities

(Continued)

Movements on provisions:

| | Other provisions £ |
|-----------------------------------|-----------------------|
| Group | |
| At 1 January 2021 | 2,998,546 |
| Additional provisions in the year | 48,355 |
| Reversal of provision | (260,063) |
| At 31 December 2021 | 2,786,838 |
| Company | |
| At 1 January 2021 | 2,665,635 |
| Additional provisions in the year | 31,520 |
| Reversal of provision | (260,063) |
| At 31 December 2021 | 2,437,092 |

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.

26 Deferred taxation

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

| | Liabilities 2021 £ | Liabilities 2020 £ | Assets 2021 £ | Assets 2020 £ |
|--------------------------------|--------------------------|--------------------------|---------------------|---------------------|
| Group | | | | |
| Accelerated capital allowances | 692,584 | 570,159 | - | - |
| Tax losses | - | - | 241,152 | 210,069 |
| Revaluations | 914,447 | 981,105 | - | - |
| | 1,607,031 | 1,551,264 | 241,152 | 210,069 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Deferred taxation (Continued)

| | Liabilities 2021 £ | Liabilities 2020 £ | Assets 2021 £ | Assets 2020 £ |
|--------------------------------|--------------------------|--------------------------|-----------------------------|-------------------------------|
| Company | | | | |
| Accelerated capital allowances | 345,295 | 200,668 | - | - |
| Revaluations | 914,447 | 981,105 | - | - |
| | <u>1,259,742</u> | <u>1,181,773</u> | <u>-</u> | <u>-</u> |
| | | | Group 2021 £ | Company 2021 £ |
| Movements in the year: | | | | |
| Liability at 1 January 2021 | | | 1,341,195 | 1,181,773 |
| Charge to profit or loss | | | 24,684 | 77,969 |
| | | | <u>1,365,879</u> | <u>1,259,742</u> |

The estimated amount of the deferred tax liabilities expected to reverse during the year beginning after the reporting period is £116,508 (2020: £87,108).

27 Retirement benefit schemes

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 602,812 | 665,248 |

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.

28 Share capital

| Group and company | 2021 Number | 2020 Number | 2021 £ | 2020 £ |
|-------------------------------|----------------|----------------|----------------|----------------|
| Ordinary share capital | | | | |
| Issued and fully paid | | | | |
| Ordinary of £1 each | <u>414,900</u> | <u>415,150</u> | <u>414,900</u> | <u>415,150</u> |

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

29 Share premium account

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|--------------------------------------|--------------------|---------------|----------------------|---------------|
| At the beginning and end of the year | <u>30,780</u> | <u>30,780</u> | <u>30,780</u> | <u>30,780</u> |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30 Capital redemption reserve

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|------------------------------|--------------------|-----------|----------------------|-----------|
| At the beginning of the year | 116,220 | 116,220 | 116,220 | 116,220 |
| Transfers | 250 | - | 250 | - |
| At the end of the year | 116,470 | 116,220 | 116,470 | 116,220 |

31 Reserves - non distributable

Accumulated reserves include fair value adjustments totalling £5,946,771 (2020: £6,308,889) which are not available for distribution until realised.

32 Profit and loss reserves

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|--|--------------------|------------|----------------------|------------|
| At the beginning of the year | 51,263,359 | 46,524,744 | 36,704,296 | 33,744,603 |
| Profit for the year | 3,819,664 | 4,452,474 | 6,977,040 | 3,416,358 |
| Dividends | (323,622) | (456,665) | (323,622) | (456,665) |
| Currency translation differences | (834,988) | 684,968 | - | - |
| Amounts attributable to non-controlling interests | 24,804 | 57,838 | - | - |
| Own shares acquired | (30,000) | - | (30,000) | - |
| Purchase of shares in subsidiary from non-controlling interest | (50,077) | - | - | - |
| At the end of the year | 53,869,140 | 51,263,359 | 43,327,714 | 36,704,296 |

33 Financial commitments, guarantees and contingent liabilities

A contingent liability has been estimated at £507,339 (2020: £572,095) for possible retirement benefits in France.

There is a management fee commitment in Australia, estimated at £484,234 (2020: £624,576).

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

34 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 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|----------------------------|--------------------|------------------|----------------------|------------------|
| Within one year | 179,384 | 342,844 | 174,000 | 336,558 |
| Between two and five years | 520,500 | 580,262 | 520,500 | 574,500 |
| In over five years | 350,000 | 470,000 | 350,000 | 470,000 |
| | <u>1,049,884</u> | <u>1,393,106</u> | <u>1,044,500</u> | <u>1,381,058</u> |

Operating lease payments recognised as an expense in the year £645,918 (2020: £558,090).

35 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|--------------------------------------|--------------------|---------------|----------------------|---------------|
| Acquisition of tangible fixed assets | <u>697,939</u> | <u>75,645</u> | <u>697,939</u> | <u>75,645</u> |

36 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

| | 2021 £ | 2020 £ |
|------------------------|------------------|------------------|
| Aggregate compensation | <u>1,270,725</u> | <u>1,238,205</u> |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

36 Related party transactions

(Continued)

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

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

Hanover Displays SL: A total of £1,461,235 of sales (2020: £1,488,581) and £84,886 of purchases (2020: £315,587) were undertaken in the year. At the balance sheet date £204,321 was due from Hanover Displays SL (2020: £16,637)

No details are included for Hanover France SAS, 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.

37 Directors' transactions

Dividends totaling £283,296 (2020: £399,795) were paid in the year in respect of shares held by the directors of Hanover Displays Limited.

| Description | % Rate | Opening balance | Amounts repaid | Closing balance |
|-----------------|--------|-----------------|------------------|-----------------|
| | | £ | £ | £ |
| Short term loan | - | 733,288 | (733,288) | - |
| | | <u>733,288</u> | <u>(733,288)</u> | <u>-</u> |

38 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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

39 Cash generated from group operations

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Profit for the year after tax | 3,845,410 | 4,706,261 |
| Adjustments for: | | |
| Taxation charged | 718,044 | 1,247,211 |
| Finance costs | - | 4,063 |
| Investment income | (11,540) | (15,207) |
| Loss/(gain) on disposal of tangible fixed assets | 6,975 | (12,140) |
| Amortisation and impairment of intangible assets | 33,653 | 32,967 |
| Depreciation and impairment of tangible fixed assets | 1,367,608 | 1,512,854 |
| Other gains and losses | 358,565 | (2,166,482) |
| (Decrease)/increase in provisions | (211,708) | 5,759 |
| Movements in working capital: | | |
| Increase in stocks | (797,280) | (894,962) |
| Decrease in debtors | 462,749 | 1,273,990 |
| Increase/(decrease) in creditors | 76,065 | (989,524) |
| Cash generated from operations | 5,848,541 | 4,704,790 |

40 Cash (absorbed by)/generated from operations - company

| | 2021 £ | 2020 £ |
|--|--------------------|------------------|
| Profit for the year after tax | 6,977,040 | 3,416,358 |
| Adjustments for: | | |
| Taxation charged | 87,063 | 449,837 |
| Finance costs | 28,606 | 40,565 |
| Investment income | (5,968,236) | (53,533) |
| Loss/(gain) on disposal of tangible fixed assets | 6,975 | (12,140) |
| Depreciation and impairment of tangible fixed assets | 1,013,943 | 1,065,943 |
| Other gains and losses | 358,565 | (2,166,482) |
| Decrease in provisions | (228,543) | (22,245) |
| Movements in working capital: | | |
| Increase in stocks | (424,266) | (672,646) |
| (Increase)/decrease in debtors | (1,094,788) | 1,722,724 |
| Decrease in creditors | (2,560,240) | (1,400,995) |
| Cash (absorbed by)/generated from operations | (1,803,881) | 2,367,386 |

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

41 Analysis of changes in net funds - group

| | 1 January 2021 | Cash flows | Exchange rate movements | 31 December 2021 |
|---------------------------------|-------------------|------------------|----------------------------|---------------------|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 16,374,795 | 1,391,951 | (834,988) | 16,931,758 |
| Borrowings excluding overdrafts | (496,323) | 494,527 | - | (1,796) |
| | <u>15,878,472</u> | <u>1,886,478</u> | <u>(834,988)</u> | <u>16,929,962</u> |

42 Analysis of changes in net funds - company

| | 1 January 2021 | Cash flows | 31 December 2021 |
|--------------------------|------------------|------------------|---------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 7,056,363 | 1,193,869 | 8,250,232 |
| | <u>7,056,363</u> | <u>1,193,869</u> | <u>8,250,232</u> |

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