Company Registration No. 05480765 (England and Wales)

PAXTON ACCESS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

PAXTON ACCESS GROUP LIMITED

COMPANY INFORMATION

Directors	A Brotherton-Ratcliffe A Stroud V Parekh S Brotherton-Ratcliffe
Secretary	V Parekh
Company number	05480765
Registered office	Paxton House Home Farm Road Brighton East Sussex BN1 9HU
Auditor	Humphrey & Co Audit Services Ltd 7-9 The Avenue Eastbourne East Sussex BN21 3YA
Business address	Paxton House Home Farm Road Brighton East Sussex BN1 9HU
Bankers	HSBC Bank plc 153 North Street Brighton East Sussex BN1 1SW

PAXTON ACCESS GROUP LIMITED

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

S172 Statement
Duty to promote the success of the company and group

The directors consider the successful running of the company in terms of achieving its long-term strategy which centres on building a resilient company that is great to work for and known for the quality of our products. The ongoing success of the company centres around positive and effective dealings with all the stakeholders of the company and the directors were mindful of the long terms consequences of key commercial decisions made during the year, and determined that these were in the interests of the company's owner, employees, agency staff, contractors, customers, installers, suppliers, local universities and other stakeholders, as they were all aligned with the company's strategy.

The principal decisions made in the year were:

- To make significant investment in making our premises Covid-19 secure so we could continue to operate in a safe manner through the worst of the pandemic
- To make it possible at short notice for the majority of the work force to work effectively from home upon the first national lockdown in the UK
- To prepare for the UK leaving the European Union from both a supplier and customer perspective

As set out in the directors' report, the company takes employee involvement very seriously and we ensure we engage with our staff at all levels on a wide range of matters. The company also regularly engages with its distributors, installers, and suppliers to maintain these important relationships.

The directors confirm that throughout the year they have acted in the way they consider, in good faith, to be most likely to promote the continued success of the company for the benefit of its members as a whole.

Fair review of the business

2020 was a challenging year to the whole world, and Paxton was no different.

In brief, the group shrank during the year, with turnover decreasing by 14.3% (2019: 17.3% growth) and gross profit by 1 4.1% (2019: 12.6% growth). At the same time administrative expenses decreased by 15.7% (2019: 13.5% growth). As a result of the savings identified net profit for the year before tax ended up at £2,959,426 (2019: £894,891). The group's net worth at the end of the year was £19,737,419 (2019: £16,903,243).

The company operates in a highly competitive market. In order to maintain and improve its position in this market, and despite the ongoing pandemic, substantial investment has continued to be made by the company in research and development. This investment is made both for improving existing products and creating new innovative products for the market with a focus on providing returns over the longer term.

The company did not enter any new markets in the year, instead looking to cultivate the overseas markets already entered into, with particular focus on the US.

Going concern

The impact of COVID-19 on the economy in 2020 has raised uncertainties for all companies, and Paxton is no different.

The company is fortunate to benefit from the strong support from its owners and financial resilience developed through working with the key managerial stakeholders.

Environmental matters

The company is committed to being environmentally responsible and has shown this in achieving the ISO 14001:2015 accreditation for its factory in Eastbourne in February 2018 and passing the audit for this in the past 3 years. The company continuously reviews its policies and capital to see where environmental improvements can be made and has installed charge-points for plug in hybrid cars to encourage the use of low emission vehicles. As well as this, the company has a cross company environmental group to track and report on environmental initiatives.

Social and Community Issues

The company take social and community issues seriously and has arranged multiple charity days through the year to generate donation income for selected charities.

Principal risks and uncertainties

i. The group's business is partly speculative, in that it is not known which new products will succeed, even though sales trends for existing products are known. The directors cannot give any undertaking as to the success or otherwise of new products yielded by its research and development work. There is therefore a significant risk inherent with expenditure related to this.

ii. The directors are not privy to new products currently in development by the group's competitors; there is therefore a risk that sales of its own products may suffer in the future as a result of unknown improvements in competitors' products.

iii. The group is typical of many companies of its type in that it is heavily reliant on IT systems. Whilst the directors diligently review and improve measures for ensuring resilience of its systems and back up of its data, they cannot absolutely ensure that failures will not damage the company's business at some point. In order to mitigate this risk the company continues to invest heavily in its IT infrastructure.

iv. Sales to the group's customers are made on a credit basis. Trade debtors amount to a substantial sum. Mindful of the current credit conditions affecting all companies, including our customers, there is an increased awareness regarding the importance of adherence to our credit terms. The board has satisfied itself that its customers are financially sound and will continue to be able to fund their debt for the foreseeable future. There is continued focus on strong credit management to ensure timely payment from customers and a healthy corporate liquidity position.

v. The current state of the global economy and the ability of installers to install our products. The current Covid-19 pandemic resulted in a complete lockdown in our largest markets in 2020 resulting in a loss of revenue in this period. During this period, the group has been able to support its staff through the governments Coronavirus job retention scheme and minimise the impact of this uncertainty. The management of the group will continue to act responsibly to manage any future uncertainty related to this.

On behalf of the board

A Brotherton-Ratcliffe
Director
7 June 2021

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities
Paxton Access Group Limited is a holding company whose principal activity, carried on through subsidiary undertakings, is the manufacture and distribution of electronic goods.

Results and dividends
The results for the year are set out on page 11.

Ordinary dividends were paid amounting to £200,000. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

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

A Brotherton-Ratcliffe
A Stroud
V Parekh
S Brotherton-Ratcliffe

Financial instruments
Treasury operations and financial instruments
The group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The group's principal financial instruments are cash balances. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

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

Interest rate risk
Interest rate risk arises from cash balances, bank overdrafts and loans. The directors continually review the group's exposure to interest rates and take action to ensure that the risk is appropriate in relation to the financial results of the group.

Foreign currency risk
The group's principal foreign currency exposures arise from trading with overseas companies. Dollar and Euro bank accounts are maintained in order to try and mitigate foreign currency risk.

Credit risk
The group has implemented policies that require appropriate credit checks on potential customers before sales are made. In addition the company has insured its risk of debtor irrecoverability.

Research and development
The group is heavily committed to research and development activities. During the year the group concentrated its research and development activities on both continuous improvement on its current product portfolio as well as diversification into other market sectors.

Employee involvement
The group is conscious of the need to keep employees informed regarding the progress and future plans of the group and the mutual benefit that can be engendered by good internal communications. This is achieved through regular meetings with managers and staff and an open forum in which a two way flow of comment and ideas is encouraged. An example of this is the Paxton Exchange which offers senior management the opportunity to communicate the group goals and achievements to all members of staff. A significant amount of time and money is invested in employee training in the group and is available to all levels of staff. The Paxton Seagull, the staff newsletter, is a further commitment to the concept of improving communications within the group. The group is committed to providing a fantastic company culture for all its staff members, and entered, for the first time in 2017, the Sunday Times 100 Best Companies to Work For and achieved 49th position.

Business relationships
The directors consider the fostering of good relationships with all stakeholders as essential for the ongoing success of the company. In that regard they have always considered the impact on the suppliers, customers, end users, staff and others of all decisions made. Key decisions, and their impact on specific groups, have been summarised in the s172 statement included on both our website and in the strategic report.

Future developments
The group is continuing to develop its overseas marketing and sales strategy and the directors expect that this will contribute to an increase in profitability.

Auditor
The auditor, Humphrey & Co Audit Services Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report
The group has consumed more than 40,000 kWh of energy in this reporting period and is required to report on its emissions, energy consumption or energy efficiency activities.

Energy consumption	**kWh**	**kWh**
Aggregate of energy consumption in the year		
- Gas combustion	155,162	
- Fuel consumed for transport	939,581	
		1,094,743

Emissions of CO2 equivalent	**Metric tonnes**	**Metric tonnes**
Scope 1 - direct emissions		
- Gas combustion	28.27	
- Fuel consumed for owned transport	-	
		28.27
Scope 2 - indirect emissions		
- Electricity purchased		219.05
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		-
Total gross emissions		247.32

Intensity ratio	
kWh per sq ft per year and kWh per £k produced	9.23

Quantification and reporting methodology
The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

Intensity measurement
The chosen intensity measurement ratio is total kilowatt hours per square foot for the offices and total kilowatt hours per £1,000 produced for the factory and warehouse.

The ratios for each site were:-
Paxton House - 11.28 kWh per square foot per year
Paxton Technology Centre - 8.73 kWh per square foot per year
Brampton Road - 22.32 kWh per £1,000 produced
Harvington Road - 3.83 kWh per £1,000 produced
Greenville, USA - 12.14kWh per square foot per year

Measures taken to improve energy efficiency
In the Eastbourne factory we have installed automatic doors to help retain the heat.

In the Brighton offices during the COVID-19 restrictions we completed power downs of all non-essential equipment and closed our offices between 23rd March 2020 to 26th May 2020.

From 26th May 2020 buildings were partially opened with staff numbers limited to 60 personnel. Areas vacated by people working from home were closed off and isolated via our building management software.

In the US office, thermostats have been programmed to default to a higher temperature setting after working hours.

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.

On behalf of the board

A Brotherton-Ratcliffe
Director

7 June 2021

PAXTON ACCESS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAXTON ACCESS GROUP LIMITED

Opinion

We have audited the financial statements of Paxton Access Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 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, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 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

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.

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 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 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud
We obtained an understanding of the group and the laws and regulations that could reasonably be expected to have a direct effect on the financial statements through discussion with the directors and management and the application of our knowledge and experience. We discussed with management whether there were any known or suspected instances of fraud and/or non-compliance with relevant laws and regulations. We also obtained an understanding of the company's and group's accounting systems and internal controls.

We audited the risk of management override of controls, by testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business. Our other group audit procedures included, but were not limited to, attending a year end stock count, carrying out detailed substantive testing of a sample of income and expenditure transactions arising in the year and a sample of balance sheet items such as fixed assets, debtors, creditors, etc. We also reviewed the financial statements and checked disclosures to supporting documentation to assess compliance with applicable law and regulation.

Because of the inherent risk of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements as we will be less likely to become aware of instances of non-compliance. The risk is greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion omission or misrepresentation.

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

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

Mr Michael Macefield (Senior Statutory Auditor)
For and on behalf of Humphrey & Co Audit Services Ltd — 7 June 2021

Chartered Accountants
Statutory Auditor

7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

PAXTON ACCESS GROUP LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	45,644,645	53,262,074
Cost of sales		(19,987,251)	(23,402,787)
Gross profit		25,657,394	29,859,287
Administrative expenses		(24,266,048)	(28,803,956)
Other operating income		1,894,353	169,438
Operating profit	4	3,285,699	1,224,769
Interest payable and similar expenses	7	(326,273)	(329,878)
Profit before taxation		2,959,426	894,891
Tax on profit	8	92,036	451,899
Profit for the financial year	25	3,051,462	1,346,790

Profit for the financial year is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit for the year	3,051,462	1,346,790
Other comprehensive income		
Currency translation differences	(17,286)	4,851
Total comprehensive income for the year	3,034,176	1,351,641

Total comprehensive income for the year is all attributable to the owners of the parent company.

PAXTON ACCESS GROUP LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	**10**		426,590		565,002
Tangible assets	**11**		19,246,350		20,519,991
			19,672,940		21,084,993
Current assets					
Stocks	**14**	4,695,332		4,683,592	
Debtors falling due after more than one year	**15**	2,261,897		2,285,124	
Debtors falling due within one year	**15**	9,900,766		11,000,288	
Cash at bank and in hand		7,148,355		2,386,273	
		24,006,350		20,355,277	
Creditors: amounts falling due within one year	**16**	(14,383,246)		(13,839,510)	
Net current assets			9,623,104		6,515,767
Total assets less current liabilities			29,296,044		27,600,760
Creditors: amounts falling due after more than one year	**17**		(9,315,625)		(10,454,517)
Provisions for liabilities					
Provisions	**20**	243,000		243,000	
			(243,000)		(243,000)
Net assets			19,737,419		16,903,243
Capital and reserves					
Called up share capital	**23**		1,211,002		1,211,002
Other reserves	**24**		57,450		57,450
Profit and loss reserves	**25**		18,468,967		15,634,791
Total equity			19,737,419		16,903,243

The financial statements were approved by the board of directors and authorised for issue on 7 June 2021 and are signed on its behalf by:

A Brotherton-Ratcliffe
Director

PAXTON ACCESS GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	**11**		16,899,087		17,177,845
Investments	**12**		234,073		234,073
			17,133,160		17,411,918
Current assets					
Debtors	**15**	408,305		178,456	
Cash at bank and in hand		181,319		61,482	
		589,624		239,938	
Creditors: amounts falling due within one year	**16**	(7,138,784)		(6,144,891)	
Net current liabilities			(6,549,160)		(5,904,953)
Total assets less current liabilities			10,584,000		11,506,965
Creditors: amounts falling due after more than one year	**17**		(8,377,540)		(9,139,007)
Provisions for liabilities					
Deferred tax liability	**21**	97,367		55,140	
			(97,367)		(55,140)
Net assets			2,109,093		2,312,818
Capital and reserves					
Called up share capital	**23**		1,211,002		1,211,002
Profit and loss reserves	**25**		898,091		1,101,816
Total equity			2,109,093		2,312,818

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £3,724 (2019 - £52,875 loss).

The financial statements were approved by the board of directors and authorised for issue on 7 June 2021 and are signed on its behalf by:

A Brotherton-Ratcliffe
Director

Company Registration No. 05480765

PAXTON ACCESS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2019		1,211,002	57,450	14,463,150	15,731,602
Year ended 31 December 2019:					
Profit for the year		-	-	1,346,790	1,346,790
Other comprehensive income:					
Currency translation differences		-	-	4,851	4,851
Total comprehensive income for the year		-	-	1,351,641	1,351,641
Dividends	9	-	-	(180,000)	(180,000)
Balance at 31 December 2019		1,211,002	57,450	15,634,791	16,903,243
Year ended 31 December 2020:					
Profit for the year		-	-	3,051,462	3,051,462
Other comprehensive income:					
Currency translation differences		-	-	(17,286)	(17,286)
Total comprehensive income for the year		-	-	3,034,176	3,034,176
Dividends	9	-	-	(200,000)	(200,000)
Balance at 31 December 2020		1,211,002	57,450	18,468,967	19,737,419

PAXTON ACCESS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2019		1,211,002	1,334,691	2,545,693
Year ended 31 December 2019:				
Loss and total comprehensive income for the year		-	(52,875)	(52,875)
Dividends	**9**	-	(180,000)	(180,000)
Balance at 31 December 2019		1,211,002	1,101,816	2,312,818
Year ended 31 December 2020:				
Loss and total comprehensive income for the year		-	(3,725)	(3,725)
Dividends	**9**	-	(200,000)	(200,000)
Balance at 31 December 2020		1,211,002	898,091	2,109,093

PAXTON ACCESS GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash generated from operations	**28**		6,782,734		2,255,351
Interest paid			(326,273)		(329,878)
Income taxes refunded			115,263		87,039
Net cash inflow from operating activities			6,571,724		2,012,512
Investing activities					
Purchase of intangible assets		(105,824)		(327,403)	
Purchase of tangible fixed assets		(177,598)		(7,744,066)	
Net cash used in investing activities			(283,422)		(8,071,469)
Financing activities					
Repayment of borrowings		(329,808)		(61,977)	
Proceeds of new bank loans		-		6,635,000	
Repayment of bank loans		(849,159)		(190,819)	
Payment of finance leases obligations		(147,253)		(294,543)	
Dividends paid to equity shareholders		(200,000)		(180,000)	
Net cash (used in)/generated from financing activities			(1,526,220)		5,907,661
Net increase/(decrease) in cash and cash equivalents			4,762,082		(151,296)
Cash and cash equivalents at beginning of year			2,386,273		2,537,569
Cash and cash equivalents at end of year			7,148,355		2,386,273

PAXTON ACCESS GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**29**		1,357,856		1,629,868
Interest paid			(263,928)		(246,145)
Net cash inflow from operating activities			1,093,928		1,383,723
Investing activities					
Purchase of tangible fixed assets		-		(6,876,769)	
Net cash used in investing activities			-		(6,876,769)
Financing activities					
Repayment of borrowings		(79,808)		(61,977)	
Proceeds of new bank loans		-		6,635,000	
Repayment of bank loans		(647,108)		(846,307)	
Payment of finance leases obligations		(47,175)		(80,902)	
Dividends paid to equity shareholders		(200,000)		(180,000)	
Net cash (used in)/generated from financing activities			(974,091)		5,465,814
Net increase/(decrease) in cash and cash equivalents			119,837		(27,232)
Cash and cash equivalents at beginning of year			61,482		88,714
Cash and cash equivalents at end of year			181,319		61,482

1 Accounting policies

Company information

Paxton Access Group Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Paxton House, Home Farm Road, Brighton, East Sussex, BN1 9HU.

The Group consists of Paxton Access Group 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 a mounts in these financial statements are rounded to the nearest £.

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

1.2 Business combinations

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Paxton Access Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. 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.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

The impact of Covid-19 on the economy in 2020 has raised uncertainties for all companies and Paxton is no different. The pandemic resulted in a lockdown in the group's largest markets resulting in a loss of revenue in 2020. However, as lockdowns have started to ease since the year end revenues have increased and are now ahead of budget due to a pent up demand for the group's products. The directors are confident that sales will continue to pick up and that the group will trade at a profit in the current financial year.

The group benefits from the support of its owners and financial resilience developed through working with key managerial stakeholders. 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 Accounting policies **(Continued)**

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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 fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

Development Costs	33% reducing balance

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 properties	1% straight line
Leasehold properties	Straight line over the life of the lease
Plant and machinery	20% reducing balance and 33% straight line
Fixtures, fittings & equipment	20% reducing balance and 20%/25%/33% straight line

Freehold land is not depreciated.

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 Accounting policies **(Continued)**

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.

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.

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

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

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

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

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.

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

The cost of stock is based on an average cost basis, where the actual cost of stock purchased to obtain the quantity held is identified and an average cost calculated.

1 Accounting policies **(Continued)**

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.

1.12 Cash and cash equivalents

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

1.13 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.

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.

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

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

1.19 Leases

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

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

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.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation in each period.

1.20 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 Accounting policies **(Continued)**

1.21 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at a fixed rate that is used as an approximation for the actual rate. The fixed rates are reviewed periodically. All differences are taken to profit and loss account.

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.

Critical judgements

The critical judgments which have the most significant impact on amounts recognised in the financial statements are as follows:

Stock provisioning

Provision is made where necessary for obsolete, slow moving and defective stocks. The directors review the level of provision based on the level and condition of stock items and their knowledge of the business.

Warranty provisioning

The group provides a 5 year warranty on its products. A provision for expected warranty claims is calculated based on prior experience of levels of warranty claims incurred and future expectations.

Useful life of fixed assets

The directors estimate the expected useful lives of the company's fixed assets which in turn impacts on the amount of depreciation charged in the year.

Deferred Tax Asset

The directors estimate the amount of deferred tax that is likely to be recovered by the likely availability of future taxable profits.

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover analysed by class of business		
Electronic access control systems	45,644,645	53,262,074

3 Turnover and other revenue (Continued)

	2020	2019
	£	£
Other significant revenue		
Grants received	1,550,684	-

	2020	2019
	£	£
Turnover analysed by geographical market		
UK	27,968,891	34,377,944
Europe	8,855,471	9,246,387
Rest of World	8,820,283	9,637,743
	45,644,645	53,262,074

4 Operating profit

	2020	2019
	£	£
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	40,400	95,124
Research and development costs	622,003	1,390,111
Government grants	(1,550,684)	-
Depreciation of owned tangible fixed assets	1,231,449	1,399,695
Loss on disposal of tangible fixed assets	218,144	131,910
Amortisation of intangible assets	232,556	203,614
Loss on disposal of intangible assets	11,680	-
Operating lease charges	389,618	465,598

5 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	2,500	2,000
Audit of the financial statements of the company's subsidiaries	27,000	25,500
	29,500	27,500
For other services		
Taxation compliance services	3,000	3,900
All other non-audit services	7,000	6,000
	10,000	9,900

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration	282	240	-	-
Production	59	60	-	-
Cleaning	2	2	-	-
Total	343	302	-	-

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	14,556,242	15,103,979	-	-
Social security costs	1,382,133	1,566,776	-	-
Pension costs	1,165,995	1,204,529	-	-
	17,104,370	17,875,284	-	-

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	262,657	237,769
Other interest on financial liabilities	62,345	83,733
	325,002	321,502
Other finance costs:		
Interest on finance leases and hire purchase contracts	1,271	8,376
Total finance costs	326,273	329,878

8 Taxation

	2020 £	2019 £
Current tax		
Adjustments in respect of prior periods	(131,810)	(91,529)
Foreign current tax on profits for the current period	16,547	4,490
Total current tax	(115,263)	(87,039)

8 Taxation (Continued)

	2020	2019
	£	£
Deferred tax		
Origination and reversal of timing differences	23,227	(379,355)
Adjustment in respect of prior periods	-	14,495
Total deferred tax	23,227	(364,860)
Total tax credit	(92,036)	(451,899)

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

	2020	2019
	£	£
Profit before taxation	2,959,426	894,891
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	562,291	170,029
Tax effect of expenses that are not deductible in determining taxable profit	18,140	92,492
Adjustments in respect of prior years	-	(77,034)
Effect of change in corporation tax rate	(273,294)	49,411
Depreciation on assets not qualifying for tax allowances	-	33,280
Research and development tax credit	(399,173)	(720,077)
Taxation credit	(92,036)	(451,899)

9 Dividends

	2020	2019
Recognised as distributions to equity holders:	£	£
Final paid	200,000	180,000

10 Intangible fixed assets

Group	Development Costs £
Cost	
At 1 January 2020	1,122,473
Additions - internally developed	105,824
Disposals	(94,221)
At 31 December 2020	1,134,076
Amortisation and impairment	
At 1 January 2020	557,471
Amortisation charged for the year	232,556
Disposals	(82,541)
At 31 December 2020	707,486
Carrying amount	
At 31 December 2020	426,590
At 31 December 2019	565,002

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

11 Tangible fixed assets

Group	Freehold properties	Leasehold properties	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2020	2,375,400	16,458,412	4,928,726	2,574,203	26,336,741
Additions	-	82,366	64,647	30,585	177,598
Disposals	-	-	(379,426)	(112,678)	(492,104)
Exchange adjustments	-	(6,601)	-	(16,112)	(22,713)
At 31 December 2020	2,375,400	16,534,177	4,613,947	2,475,998	25,999,522
Depreciation and impairment					
At 1 January 2020	110,028	1,178,916	2,739,800	1,788,006	5,816,750
Depreciation charged in the year	17,091	336,605	493,555	384,198	1,231,449
Eliminated in respect of disposals	-	-	(196,804)	(77,156)	(273,960)
Exchange adjustments	-	(4,216)	-	(16,851)	(21,067)
At 31 December 2020	127,119	1,511,305	3,036,551	2,078,197	6,753,172
Carrying amount					
At 31 December 2020	2,248,281	15,022,872	1,577,396	397,801	19,246,350
At 31 December 2019	2,265,372	15,279,496	2,188,926	786,197	20,519,991

Company	Freehold properties	Leasehold properties	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 January 2020 and 31 December 2020	2,370,400	15,471,331	336,229	18,177,960
Depreciation and impairment				
At 1 January 2020	110,028	631,296	258,791	1,000,115
Depreciation charged in the year	17,091	185,133	76,534	278,758
At 31 December 2020	127,119	816,429	335,325	1,278,873
Carrying amount				
At 31 December 2020	2,243,281	14,654,902	904	16,899,087
At 31 December 2019	2,260,372	14,840,035	77,438	17,177,845

11 Tangible fixed assets **(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and machinery	577,426	721,783	-	-

12 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	234,073	234,073

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 January 2020 and 31 December 2020	234,073
Carrying amount	
At 31 December 2020	234,073
At 31 December 2019	234,073

13 Subsidiaries

These financial statements are separate company financial statements for Paxton Access Group Limited.

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
General Distribution Limited	Paxton House, Home Farm Road, Brighton, East Sussex	Ordinary	100.00
Paxton Access FZE	UAE	Ordinary	100.00
Paxton Access GmbH	Bennigsen-Platz 1, 40474 Dusseldorf, Germany	Ordinary	100.00
Paxton Access Inc	138 Commerce Centre, Greenville, South Carolina, USA	Ordinary	100.00
Paxton Access Limited	Paxton House, Home Farm Road, Brighton, East Sussex	Ordinary	100.00

The investments in subsidiaries are all stated at cost.

14 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	129,061	126,989	-	-
Finished goods and goods for resale	4,566,271	4,556,603	-	-
	4,695,332	4,683,592	-	-

15 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	8,396,217	10,186,319	94,500	94,500
Corporation tax recoverable	2,770	2,770	-	-
Amounts owed by group undertakings	-	-	250,000	-
Other debtors	700,337	105,310	-	-
Prepayments and accrued income	801,442	705,889	63,805	83,956
	9,900,766	11,000,288	408,305	178,456
Amounts falling due after more than one year:				
Deferred tax asset (note 21)	2,261,897	2,285,124	-	-
Total debtors	12,162,663	13,285,412	408,305	178,456

16 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	19	1,781,865	1,646,510	1,382,412	1,268,053
Obligations under finance leases	18	271,875	264,750	-	47,175
Other borrowings	19	952,598	1,282,406	202,598	282,406
Payments received on account		-	8,584	-	-
Trade creditors		6,772,442	5,601,220	1,440	8,917
Amounts owed to group undertakings		-	-	3,028,027	2,471,515
Other taxation and social security		1,340,450	1,351,576	46,771	18,733
Other creditors		2,428,357	1,978,208	2,401,036	1,971,592
Accruals and deferred income		835,659	1,706,256	76,500	76,500
		14,383,246	13,839,510	7,138,784	6,144,891

17 Creditors: amounts falling due after more than one year

		Group		Company	
		2020	2019	2020	2019
	Notes	£	£	£	£
Bank loans and overdrafts	19	8,801,524	9,786,038	8,377,540	9,139,007
Obligations under finance leases	18	514,101	668,479	-	-
		9,315,625	10,454,517	8,377,540	9,139,007

Amounts included above which fall due after five years are as follows:

Payable by instalments	2,748,646	1,025,730	2,748,646	1,025,730

18 Finance lease obligations

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	271,875	264,750	-	47,175
In two to five years	514,101	668,479	-	-
	785,976	933,229	-	47,175

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

19 Loans and overdrafts

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	10,583,389	11,432,548	9,759,952	10,407,060
Directors' loans	2,401,036	1,971,592	2,401,036	1,971,592
Loans from related parties	952,598	1,282,406	202,598	282,406
	13,937,023	14,686,546	12,363,586	12,661,058
Payable within one year	5,135,499	4,900,508	3,986,046	3,522,051
Payable after one year	8,801,524	9,786,038	8,377,540	9,139,007
Amounts included above which fall due after five years:				
Payable by instalments	2,748,646	1,025,730	2,748,646	1,025,730

Bank loans are secured over the company's freehold and leasehold properties. There is also a debenture in favour of HSBC Bank comprising a fixed and floating charge over all the assets and undertakings of Paxton Access Limited and Paxton Inc.

There were seven bank loans at the year end and they are repayable in monthly instalments and are due to be repaid fully between 2024 and 2029. Interest is charged at a fixed rate of 3.6% on one of the loans and interest on the other loans is charged at rates of between 2.25% to 2.35% over the Bank of England base rate.

Other loans are in respect of loans from close family members of a director and are repayable on demand. Interest is charged on the loans at a rate equal to the Bank of England base rate.

Directors' loans are in respect of loans from a director and his wife and are also repayable on demand. Interest is charged at a rate equal to the Bank of England base rate.

20 Provisions for liabilities

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
	243,000	243,000	-	-

20 Provisions for liabilities **(Continued)**

Movements on provisions:

Group	**£**
At 1 January 2020 and 31 December 2020	243,000

The provision for warranty claims is a provision for future product costs arising in the normal course of business from prior year sales. The group provides a 5 year warranty on its products.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	**Liabilities 2020 £**	**Liabilities 2019 £**	**Assets 2020 £**	**Assets 2019 £**
ACAs	-	-	(109,579)	(128,334)
Tax losses	-	-	2,371,476	2,394,629
Retirement benefit obligations	-	-	-	18,829
	-	-	2,261,897	2,285,124

Company	**Liabilities 2020 £**	**Liabilities 2019 £**	**Assets 2020 £**	**Assets 2019 £**
ACAs	247,687	212,580	-	-
Tax losses	(150,320)	(157,440)	-	-
	97,367	55,140	-	-

Movements in the year:	**Group 2020 £**	**Company 2020 £**
Liability/(Asset) at 1 January 2020	(2,285,124)	55,140
Charge to profit or loss	23,227	42,227
Liability/(Asset) at 31 December 2020	(2,261,897)	97,367

None of the deferred tax asset/(liability) set out above is expected to reverse within the next 12 months.

21 Deferred taxation (Continued)

Deferred tax balances have been measured at 19% (2019 - 17%).

22 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	1,165,995	1,204,529

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.

23 Share capital

Ordinary share capital	2020 Number	2019 Number	2020 £	2019 £
Issued and fully paid				
Ordinary shares of £211.002 each	1,000	1,000	211,002	211,002

Preference share capital	2020 Number	2019 Number	2020 £	2019 £
Issued and fully paid				
Preference Shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Preference shares classified as equity			1,000,000	1,000,000
Total equity share capital			1,211,002	1,211,002

24 Other reserves

Group	Merger reserve £
At the beginning of the prior year	57,450
At the end of the prior year	57,450
At the end of the current year	57,450

24 Other reserves (Continued)

	Merger reserve
Company	**£**
At the beginning of the prior year	-
At the end of the prior year	-
At the end of the current year	-

25 Profit and loss reserves

	Group 2020	2019	Company 2020	2019
	£	£	£	£
At the beginning of the year	15,634,791	14,463,150	1,101,816	1,334,691
Profit/(loss) for the year	3,051,462	1,346,790	(3,725)	(52,875)
Dividends	(200,000)	(180,000)	(200,000)	(180,000)
Currency translation differences	(17,286)	4,851	-	-
At the end of the year	18,468,967	15,634,791	898,091	1,101,816

26 Operating lease commitments

Lessee

Operating lease rentals consist of rentals payable by the group for motor vehicles. The motor vehicle leases are generally for a term of 3 years.

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 2020	2019	Company 2020	2019
	£	£	£	£
Within one year	649,588	692,344	-	-
Between two and five years	1,275,865	1,615,368	-	-
In over five years	7,797	211,065	-	-
	1,933,250	2,518,777	-	-

27 Controlling party

The ultimate controlling party is A Brotherton-Ratcliffe, a director of the company.

28 Cash generated from group operations

	2020	2019
	£	£
Profit for the year after tax	3,051,462	1,346,790
Adjustments for:		
Taxation credited	(92,036)	(451,899)
Finance costs	326,273	329,878
Loss on disposal of tangible fixed assets	218,144	131,910
Loss on disposal of intangible assets	11,680	-
Amortisation and impairment of intangible assets	232,556	203,614
Depreciation and impairment of tangible fixed assets	1,231,451	1,399,694
Movements in working capital:		
(Increase)/decrease in stocks	(11,740)	1,098,853
Decrease/(increase) in debtors	1,099,522	(2,516,358)
Increase in creditors	715,422	712,869
Cash generated from operations	6,782,734	2,255,351

29 Cash generated from operations - company

	2020	2019
	£	£
Loss for the year after tax	(3,725)	(52,875)
Adjustments for:		
Taxation charged	42,227	55,140
Finance costs	263,928	246,145
Depreciation and impairment of tangible fixed assets	278,759	276,896
Movements in working capital:		
Increase in debtors	(229,849)	(120,673)
Increase in creditors	1,006,516	1,225,235
Cash generated from operations	1,357,856	1,629,868

30 Analysis of changes in net debt - group

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	2,386,273	4,762,082	7,148,355
Borrowings excluding overdrafts	(12,714,954)	1,178,967	(11,535,987)
Obligations under finance leases	(933,229)	147,253	(785,976)
	(11,261,910)	6,088,302	(5,173,608)

31 Analysis of changes in net debt - company

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	61,482	119,837	181,319
Borrowings excluding overdrafts	(10,689,466)	726,916	(9,962,550)
Obligations under finance leases	(47,175)	47,175	-
	(10,675,159)	893,928	(9,781,231)