

Company Registration No. 07742244 (England and Wales)

**PENTWIN GROUP LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**AMENDED**

Consolidated accounts of the parent company Pentwin  
Group Limited giving guarantee under s 479C Companies  
Act 2006 to:

**SUBFRAMES UK LIMITED**

FRIDAY



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# **PENTWIN GROUP LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr A J Rawson Mr R Cox
<b>Secretary</b>	Mr S E Rice
<b>Company number</b>	07742244
<b>Registered office</b>	1 Manor Park Business Centre Mackenzie Way Swindon Village Cheltenham Gloucestershire GL51 9TX
<b>Auditor</b>	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY

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# PENTWIN GROUP LIMITED

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# PENTWIN GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present the strategic report for the year ended 31 December 2022.

#### Fair review of the business

The Group is reporting profits before tax of £1,421,322 for the year ended 31 December 2022, compared to profits before tax of £2,465,249 in the year ended 31 December 2021.

The net assets of the Group have increased to £32,011,790 as at 31 December 2022, from £31,527,065, as at 31 December 2021.

The Group is to continue trading for the foreseeable future and it is expected that the Group will continue to be profitable.

#### Principal risks and uncertainties

The directors considered that the principal risk and uncertainties of the business are those relating to the general economic conditions and the performance of its subsidiaries. Both of these risks are monitored regularly by the Board of Directors to ensure that these risks are minimised, particularly in terms of reviewing subsidiary performance.

#### Key performance indicators

The key performance indicators which the director targets are sales growth, operating profit as a percentage of sales and return on capital employed. The objective is to at least exceed inflation in sales growth and to improve the operating ratios year on year.

	2022	2021
- Sales increase/(reduction)	13.18%	34.05%
- Operating profit/(loss) as a percentage of sales	5.09%	7.58%
- Return on capital employed	4.29%	5.70%

On behalf of the board



Mr A J Rawson

Director

23/8/2023

# **PENTWIN GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the company continued to be that of a parent company.

The principal activity of the group and its subsidiaries can be found in the notes to the financial statements,

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. 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:

Mr A J Rawson

Mr R Cox

#### **Financial instruments**

##### ***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***

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

##### ***Foreign currency risk***

The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

##### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

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

#### **Future developments**

The group will continue to trade, with further investment opportunities to be considered as and when they arise.

#### **Auditor**

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

# **PENTWIN GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

### **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.

### **Disclosure in the Strategic Report**

A separate Strategic Report has been prepared in compliance with the Companies Act 2006 and contains information about the group's operations and financial performance throughout the period, and an assessment of the principal risks and uncertainties facing the group.

On behalf of the board



Mr A J Rawson

Director

Date: 23/08/2023

# PENTWIN GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PENTWIN GROUP LIMITED

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#### Opinion

We have audited the financial statements of Pentwin Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, 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 2022 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

Due to risks associated with the potential spread of Coronavirus, we were unable to attend the group's year end stock takes and physically verify the existence of stock, nor observe the performance of the stock take. As a result, we were unable to determine whether any adjustments to the value of stock included in the group balance sheet and notes to the financial statements were necessary

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.

# **PENTWIN GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PENTWIN GROUP LIMITED**

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#### **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 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.

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

Based on our understanding of the company and the group, we identified the principal risks of non-compliance with laws and regulations including those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, and the extent to which non-compliance might have a material effect on the financial statements. Audit procedures performed included discussions with management, review of board meeting minutes, testing of journals, designing and performing audit procedures and challenging assumptions and judgements made by management in relation to accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.



# **PENTWIN GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PENTWIN GROUP LIMITED**

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#### **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.



**Colm McGrory FCA (Senior Statutory Auditor)**  
**For and on behalf of Ormerod Rutter Limited**

Date: 29/8/2023

**Chartered Accountants**  
**Statutory Auditor**

The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY

# PENTWIN GROUP LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	27,689,162	24,463,900
Cost of sales		(18,359,328)	(16,100,340)
<b>Gross profit</b>		9,329,834	8,363,560
Distribution costs		(590,591)	(543,534)
Administrative expenses		(7,384,778)	(6,248,259)
Other operating income		54,041	283,519
<b>Operating profit</b>	<b>4</b>	1,408,506	1,855,286
Share of profits of associates		26,421	26,324
Interest receivable and similar income	<b>8</b>	856,266	258,051
Interest payable and similar expenses	<b>9</b>	(7,331)	(4,642)
Gain on/(amounts written off) investments	<b>10</b>	(862,540)	330,230
<b>Profit before taxation</b>		1,421,322	2,465,249
Tax on profit	<b>11</b>	(303,210)	(933,136)
<b>Profit for the financial year</b>	<b>29</b>	1,118,112	1,532,113
Profit for the financial year is attributable to:			
- Owners of the parent company		563,304	867,970
- Non-controlling interests		554,808	664,143
		1,118,112	1,532,113
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		563,304	867,970
- Non-controlling interests		554,808	664,143
		1,118,112	1,532,113


# PENTWIN GROUP LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Goodwill	13	4,232,315		3,940,299	
Other intangible assets	13	3,551		3,787	
Total intangible assets		4,235,866		3,944,086	
Tangible assets	14	3,603,227		3,142,533	
Investments	15	2,171,961		3,007,580	
		10,011,054		10,094,199	
<b>Current assets</b>					
Stocks	19	2,275,538		2,178,583	
Debtors	20	11,538,612		9,590,659	
Cash at bank and in hand		13,589,279		15,673,362	
		27,403,429		27,442,604	
<b>Creditors: amounts falling due within one year</b>	21	(4,550,089)		(5,010,295)	
<b>Net current assets</b>		22,853,340		22,432,309	
<b>Total assets less current liabilities</b>		32,864,394		32,526,508	
<b>Creditors: amounts falling due after more than one year</b>	22	(56,736)		(80,944)	
<b>Provisions for liabilities</b>	25	(795,868)		(918,499)	
<b>Net assets</b>		32,011,790		31,527,065	
<b>Capital and reserves</b>					
Called up share capital	28	20,250		20,250	
Profit and loss reserves	29	30,099,614		29,536,310	
<b>Equity attributable to owners of the parent company</b>		30,119,864		29,556,560	
<b>Non-controlling interests</b>		1,891,926		1,970,505	
		32,011,790		31,527,065	

The financial statements were approved by the board of directors and authorised for issue on 23/02/2023 and are signed on its behalf by:

  
 Mr A J Rawson  
 Director

# PENTWIN GROUP LIMITED

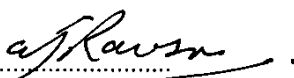
## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	14		399,431		429,033
Investments	15		11,893,701		13,264,550
			<u>12,293,132</u>		<u>13,693,583</u>
<b>Current assets</b>					
Debtors	20	8,962,247		6,794,905	
Cash at bank and in hand		9,913,227		11,451,816	
		<u>18,875,474</u>		<u>18,246,721</u>	
<b>Creditors: amounts falling due within one year</b>	21	(99,143)		(81,482)	
<b>Net current assets</b>			<u>18,776,331</u>		<u>18,165,239</u>
<b>Total assets less current liabilities</b>			<u>31,069,463</u>		<u>31,858,822</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	25	330,770		546,405	
		<u>(330,770)</u>		<u>(546,405)</u>	
<b>Net assets</b>			<u>30,738,693</u>		<u>31,312,417</u>
<b>Capital and reserves</b>					
Called up share capital	28		20,250		20,250
Profit and loss reserves	29		30,718,443		31,292,167
<b>Total equity</b>			<u>30,738,693</u>		<u>31,312,417</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £573,724 (2021 - £1,673,817 profit).

The financial statements were approved by the board of directors and authorised for issue on 23/8/2023 and are signed on its behalf by:

  
 .....  
 Mr A J Rawson  
 Director

Company registration number 07742244 (England and Wales)

# PENTWIN GROUP LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
<b>Balance at 1 January 2021</b>		20,250	28,668,340	28,688,590	1,734,362	30,422,952
<b>Year ended 31 December 2021:</b>						
Profit and total comprehensive income		-	867,970	867,970	664,143	1,532,113
Dividends	12	-	-	-	(428,000)	(428,000)
<b>Balance at 31 December 2021</b>		20,250	29,536,310	29,556,560	1,970,505	31,527,065
<b>Year ended 31 December 2022:</b>						
Profit and total comprehensive income		-	563,304	563,304	554,808	1,118,112
Dividends	12	-	-	-	(404,000)	(404,000)
Adjustment to subsidiary acquisition based on contingent criteria		-	-	-	322,834	322,834
Purchase of shares in subsidiary from non-controlling interest		-	-	-	(552,221)	(552,221)
<b>Balance at 31 December 2022</b>		20,250	30,099,614	30,119,864	1,891,926	32,011,790

# PENTWIN GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021	20,250	29,618,350	29,638,600
Year ended 31 December 2021: Profit and total comprehensive income for the year	-	1,673,817	1,673,817
Balance at 31 December 2021	20,250	31,292,167	31,312,417
Year ended 31 December 2022: Profit and total comprehensive income	-	(573,724)	(573,724)
Balance at 31 December 2022	20,250	30,718,443	30,738,693

# PENTWIN GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	33	982,490		2,178,009	
Interest paid		(7,331)		(4,642)	
Income taxes paid		(265,098)		(285,947)	
<b>Net cash inflow from operating activities</b>		<u>710,061</u>		<u>1,887,420</u>	
<b>Investing activities</b>					
Purchase of intangible assets		(939,470)		-	
Purchase of tangible fixed assets		(1,022,527)		(567,902)	
Proceeds from disposal of tangible fixed assets		81,065		33,224	
Proceeds from disposal of associates		(500)		-	
Repayment of loans		(801,731)		(1,251,236)	
Interest received		439,373		171,967	
Dividends received		104,737		67,771	
Other income received from investments		312,156		18,313	
<b>Net cash used in investing activities</b>		<u>(1,826,897)</u>		<u>(1,527,863)</u>	
<b>Financing activities</b>					
Repayment of bank loans		-		(50,000)	
Payment of finance leases obligations		(10,691)		39,257	
Purchase of shares in subsidiary from non-controlling interest		(552,221)		-	
Dividends paid to non-controlling interests		(404,000)		(428,000)	
<b>Net cash used in financing activities</b>		<u>(966,912)</u>		<u>(438,743)</u>	
<b>Net decrease in cash and cash equivalents</b>		<u>(2,083,748)</u>		<u>(79,186)</u>	
Cash and cash equivalents at beginning of year		15,672,690		15,751,876	
<b>Cash and cash equivalents at end of year</b>		<u><u>13,588,942</u></u>		<u><u>15,672,690</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		13,589,279		15,673,362	
Bank overdrafts included in creditors payable within one year		<u>(337)</u>		<u>(672)</u>	

# **PENTWIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1 Accounting policies**

##### **Company information**

Pentwin Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 1 Manor Park Business Centre, Mackenzie Way, Swindon Village, Cheltenham, Gloucestershire, GL51 9TX.

The group consists of Pentwin 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 amounts in these financial statements are rounded to the nearest £.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

##### **1.2 Basis of consolidation**

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

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.



# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

The consolidated group financial statements consist of the financial statements of the parent company Pentwin 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 2022. 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 consolidated financial statements do not include the assets and liabilities of the subsidiary undertaking Red Handed Television Limited. The subsidiary entered liquidation in April 2020 and its net assets are considered to be fully impaired.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. 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.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

#### 1.3 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.

#### 1.4 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.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

(Continued)

##### 1.5 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.

##### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years. Goodwill amortisation is included within administrative expenses in the group profit and loss account.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

##### 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:

Software	25% straight line
Patents & licences	20% straight line

##### 1.8 Tangible fixed assets

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

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

Freehold land and buildings	2%-4% straight line
Leasehold land and buildings	10% straight line
Leasehold improvements	10% straight line or 15% reducing balance
Plant and equipment	20%-100% straight line or 15%-25% reducing balance
Fixtures and fittings	10%-100% straight line or 15%-25% reducing balance
Computers	15% reducing balance
Motor vehicles	25% straight line or 15%-25% reducing balance

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 profit and loss account.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 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.

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.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

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

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

##### 1.10 Impairment of fixed assets

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

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.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

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.

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 at bank and in hand

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

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 balance sheet 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.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### **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.

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.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

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

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 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 profit and loss account 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 profit and loss account, 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.

##### 1.16 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.

##### 1.17 Retirement benefits

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

##### 1.18 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 balance sheet 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.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

##### 1.19 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.

##### 1.20 Foreign exchange

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

#### 2 Judgements and key sources of estimation uncertainty

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

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

The items in the financial statements where significant judgements and estimates have been made include:

##### ***Recoverability of intercompany and related party balances***

Intercompany and related party balances are recognised to the extent to which they are recoverable. The directors estimate that the balances are recoverable based on the trading performance and position of the respective entities.

##### ***Impairment of investments and goodwill***

Investments and goodwill are reviewed for indications of impairment on an annual basis. The directors consider the carrying value of goodwill and investments to be recoverable based on the trading position and performance of the respective underlying entities.

##### ***Tangible and intangible fixed assets***

Tangible and intangible fixed assets are depreciated/amortised over their useful lives, taking into account residual values where appropriate. The useful lives and residual values are assessed annually and may vary depending on a number of factors. The directors consider the carrying value of tangible and intangible fixed assets to be recoverable based on the estimated resale value of the assets or their estimated value-in-use.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 3 Turnover and other revenue

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

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Sale of manufactured goods	27,689,162	24,463,900
	<u>27,689,162</u>	<u>24,463,900</u>
	2022 £	2021 £
<b>Other significant revenue</b>		
Interest income	738,700	171,967
Dividends received	104,737	67,771
Grants received	18,246	213,028
	<u>961,683</u>	<u>452,766</u>

All turnover arose within the United Kingdom.

Grants received includes:

- £Nil (2021: £211,249) claimed under the government's Coronavirus Job Retention Scheme
- £18,246 (2021: £1,779) miscellaneous other grant funding

### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,203	(15,362)
Research and development costs	360	8,092
Government grants	(18,246)	(213,028)
Depreciation of owned tangible fixed assets	477,463	391,751
Depreciation of tangible fixed assets held under finance leases	45,392	26,833
Profit on disposal of tangible fixed assets	(42,087)	(14,255)
Amortisation of intangible assets	970,524	844,793
Operating lease charges	231,994	246,931
	<u>1,678,103</u>	<u>1,410,015</u>

### 5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	23,215	21,110
	<u>23,215</u>	<u>21,110</u>



# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Employees	211	184	5	6

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	6,956,165	6,029,392	227,111	210,024
Social security costs	358,392	277,267	27,549	22,045
Pension costs	227,652	207,693	10,330	11,307
	<u>7,542,209</u>	<u>6,514,352</u>	<u>264,990</u>	<u>243,376</u>

#### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	<u>51,181</u>	<u>48,681</u>

#### 8 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	112,370	27,839
Other interest income	327,003	144,128
Total interest revenue	<u>439,373</u>	<u>171,967</u>
<b>Other income from investments</b>		
Dividends received	104,737	67,771
Amounts written back on current loans	299,327	-
	<u>843,437</u>	<u>239,738</u>
<b>Income from fixed asset investments</b>		
Income from participating interests - associates	12,829	18,313
Total income	<u>856,266</u>	<u>258,051</u>

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## PENTWIN GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on finance leases and hire purchase contracts	5,307	4,642
Other interest	2,024	-
	<u>7,331</u>	<u>4,642</u>

#### 10 Gain on/(amounts written off) investments

	2022	2021
	£	£
<b>Fair value gains/(losses) on financial instruments</b>		
(Loss)/gain on financial assets held at fair value through profit or loss	(862,540)	330,230
	<u>(862,540)</u>	<u>330,230</u>

#### 11 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	544,646	600,809
Adjustments in respect of prior periods	(125,923)	32,051
	<u>418,723</u>	<u>632,860</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(122,441)	288,172
Adjustment in respect of prior periods	6,928	12,104
	<u>(115,513)</u>	<u>300,276</u>
Total tax charge	<u>303,210</u>	<u>933,136</u>

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	1,421,322	2,465,249
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	270,051	468,397
Tax effect of expenses that are not deductible in determining taxable profit	15,697	6,178
Tax effect of income not taxable in determining taxable profit	(20,859)	10,178
Tax effect of utilisation of tax losses not previously recognised	(156)	-
Unutilised tax losses carried forward	90,944	288,202
Change in unrecognised deferred tax assets	76	-
Adjustments in respect of prior years	(118,995)	12,104
Depreciation on assets not qualifying for tax allowances	7,145	-
Goodwill amortisation	132,640	163,994
Depreciation in excess of capital allowances	(49,189)	(19,302)
Other timing differences	(31,792)	3,385
Profits on associates tax in separate entity	(5,020)	-
Difference in deferred tax rate	12,668	-
Taxation charge	303,210	933,136

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 12 Dividends

During the year, dividends were paid to minority interests on the Ordinary shares of Subframes UK Limited amounting to £240,000 (2021: £200,000), on the Ordinary shares of RJP Refrigeration Contractors Limited amounting to £74,000 (2021: £168,000), on the Ordinary shares of McAlpine Grant Ilco Limited amounting to £nil (2021: £nil) and on the Ordinary shares of Oxford Refrigeration Limited amounting to £90,000 (2021: £60,000).

No dividends were paid to equity holders of the parent company (2021: £nil).

#### 13 Intangible fixed assets

Group	Goodwill	Software	Patents & licences	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	8,577,710	2,947	16,680	8,597,337
Additions	1,262,304	-	-	1,262,304
At 31 December 2022	9,840,014	2,947	16,680	9,859,641
<b>Amortisation and impairment</b>				
At 1 January 2022	4,637,411	-	15,840	4,653,251
Amortisation charged for the year	970,288	-	236	970,524
At 31 December 2022	5,607,699	-	16,076	5,623,775
<b>Carrying amount</b>				
At 31 December 2022	4,232,315	2,947	604	4,235,866
At 31 December 2021	3,940,299	2,947	840	3,944,086

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
Cost	£	£	£	£	£	£	£	£
At 1 January 2022	1,611,349	170,145	203,225	3,971,245	816,571	188,517	950,036	7,911,088
Additions	21,837	-	-	505,279	16,456	1,865	477,090	1,022,527
Disposals	-	-	-	-	-	-	(204,170)	(204,170)
At 31 December 2022	1,633,186	170,145	203,225	4,476,524	833,027	190,382	1,222,956	8,729,445
<b>Depreciation and impairment</b>								
At 1 January 2022	314,152	80,769	106,043	2,937,962	650,344	154,424	524,861	4,768,555
Depreciation charged in the year	46,155	9,996	24,582	211,130	38,004	5,292	187,696	522,855
Eliminated in respect of disposals	-	-	-	-	-	-	(165,192)	(165,192)
At 31 December 2022	360,307	90,765	130,625	3,149,092	688,348	159,716	547,365	5,126,218
<b>Carrying amount</b>								
At 31 December 2022	1,272,879	79,380	72,600	1,327,432	144,679	30,666	675,591	3,603,227
At 31 December 2021	1,297,197	89,376	97,182	1,033,283	166,227	34,093	425,175	3,142,533

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

Company	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2022	532,063	68,848	92,729	693,640
Additions	-	1,226	-	1,226
At 31 December 2022	532,063	70,074	92,729	694,866
<b>Depreciation and impairment</b>				
At 1 January 2022	121,081	50,797	92,729	264,607
Depreciation charged in the year	24,130	6,698	-	30,828
At 31 December 2022	145,211	57,495	92,729	295,435
<b>Carrying amount</b>				
At 31 December 2022	386,852	12,579	-	399,431
At 31 December 2021	410,982	18,051	-	429,033

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Motor vehicles	149,368	129,949	-	-

#### 15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	10,168,121	10,676,430
Investments in associates	17	446,881	419,960	500	500
Listed investments		1,725,080	2,587,620	1,725,080	2,587,620
		2,171,961	3,007,580	11,893,701	13,264,550

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 15 Fixed asset investments

(Continued)

##### Movements in fixed asset investments Group

	Shares in associates £	Other investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	419,960	2,587,620	3,007,580
Valuation changes	-	(862,540)	(862,540)
Share of associate profit	26,921	-	26,921
At 31 December 2022	446,881	1,725,080	2,171,961
<b>Carrying amount</b>			
At 31 December 2022	446,881	1,725,080	2,171,961
At 31 December 2021	419,960	2,587,620	3,007,580

##### Movements in fixed asset investments Company

	Shares in subsidiaries and associates £	Other investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	10,676,930	2,587,620	13,264,550
Additions	1,491,691	-	1,491,691
Valuation changes	-	(862,540)	(862,540)
At 31 December 2022	12,168,621	1,725,080	13,893,701
<b>Impairment</b>			
At 1 January 2022	-	-	-
Impairment losses	2,000,000	-	2,000,000
At 31 December 2022	2,000,000	-	2,000,000
<b>Carrying amount</b>			
At 31 December 2022	10,168,621	1,725,080	11,893,701
At 31 December 2021	10,676,930	2,587,620	13,264,550

During the year, there has been a further addition to the investment in Oxford Refrigeration Limited. The purchase agreement had contingent considerations which have ultimately been satisfied. At the time of the acquisition there was uncertainty surrounding this, therefore the contingent consideration was not capitalised.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Ilco Refrigeration Limited	1	Non-trading	Ordinary	-	100.00
LB Supplies Limited	1	Wholesale of conservatory roof accessories and roof vent accessories	Ordinary	80.00	-
McAlpine Grant Ilco Limited	1	Plumbing, heat and air-conditioning installation	Ordinary	-	100.00
Pentwin Investments Limited	1	Non-trading	Ordinary	100.00	-
R J P Refrigeration Contractors Limited	1	Intermediary holding company	Ordinary	100.00	-
Red Handed Television Limited	2	In liquidation	Ordinary	70.00	-
Sprint Tool and Die Limited	4	Design and manufacture of moulds and die-cast tools	Ordinary	75.00	-
Subframes UK Limited	3	Manufacture of cavity closers	Ordinary	80.00	-
Treleigh Holdings Limited	5	Intermediary holding company	A Ordinary	100.00	-
Treleigh Holdings Limited	5	Intermediary holding company	Ordinary	77.78	-
WES Engineering Solutions Limited	5	Machining	Ordinary	-	80.00
Hardmetal Engineering (Cornwall) Limited	5	Manufacture of metal parts	Ordinary	-	80.00
BC Car Parts Limited	5	Trade of motor vehicle parts and accessories	Ordinary	-	80.00
Oxford Refrigeration Limited	1	Installation of air conditioning, refrigeration and associated services	A Ordinary	-	80.00
Oxford Refrigeration and Air Conditioning Limited	1	Non-trading	Ordinary	-	80.00



# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Subsidiaries

(Continued)

Registered office addresses:

1. 1 Manor Park Business Centre Mackenzie Way, Swindon Village, Cheltenham, Gloucestershire, England, GL51 9TX
2. Lameys, One Courtenay Park, Newton Abbot, Devon, TQ12 2HD
3. 2-4 Sawpit Industrial Estate, Tibshelf, Alfreton, Derbyshire, DE55 5NH
4. Unit 1 Stafford Park 12, Telford, Shropshire, England, TF3 3BJ
5. Unit 3 Jon Davey Drive, Treleigh Industrial Estate, Redruth, Cornwall, England, TR16 4AX

Red Handed Television Limited entered voluntary liquidation in April 2020.

Welding Electrode Store Limited changed their name by resolution on 30 March 2022 to WES Engineering Solutions Limited.

On 13 September 2022, Pentwin Group Limited purchased the remaining 20% of the shares in R J P Refrigeration Limited taking their total shareholding up to 100%.

#### Parent company guarantee of unaudited subsidiaries

Pentwin Group Limited as the parent company of the group has provided a statutory guarantee to its subsidiary undertakings for all outstanding liabilities to which those subsidiaries are subject as at 31 December 2022. This enables them to take the BIS exemptions from obtaining a signed statutory audit opinion under 479A of the Companies Act 2006.

The companies provided with a statutory guarantee are Ilco Refrigeration Limited (Company no: 01324040), McAlpine Grant Ilco Limited (Company no: 03691073), Pentwin Investments Limited (Company no: 09040842), LB Supplies Limited (Company no: 07400200), R J P Refrigeration Contractors Limited (Company no: 03344678), Subframes UK Limited (Company no: 04633151), Sprint Tool and Die Limited (Company no: 02379659), Treleigh Holdings Limited (Company no: 08943718), BC Car Parts Limited (Company no: 09923856), Hardmetal Engineering (Cornwall) Limited (Company no: 04902425), WES Engineering Solutions Limited (Company no: 02502119), Oxford Refrigeration Limited (Company no: 00664163), and Oxford Refrigeration and Air Conditioning Limited (Company no: 05975703).

### 17 Associates

Details of associates at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Ocean Transit Limited	Grosvenor House, 1 New Road, Brixham, Devon, TQ5 8LZ	Sea and coastal freight water transport	Ordinary	50	-
Red Handed Corporate Productions Limited	Grosvenor House, 1 New Road, Brixham, Devon, TQ5 8LZ	Dormant	Ordinary	-	50

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 18 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	10,053,296	6,854,275	-	-
Instruments measured at fair value through profit or loss	1,725,080	2,587,620	-	-
	<u>11,778,376</u>	<u>9,441,895</u>	<u>-</u>	<u>-</u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	3,438,792	4,020,329	-	-
	<u>3,438,792</u>	<u>4,020,329</u>	<u>-</u>	<u>-</u>

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments.

Financial assets measured at fair value comprise shares held in listed companies. Fair value is determined based on the quoted market price of the shares at the year end.

#### 19 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	378,079	312,232	-	-
Work in progress	290,480	204,540	-	-
Finished goods and goods for resale	1,606,979	1,661,811	-	-
	<u>2,275,538</u>	<u>2,178,583</u>	<u>-</u>	<u>-</u>

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 20 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	3,659,252	3,359,507	-	-
Corporation tax recoverable	-	230,372	-	-
Amounts owed by group undertakings	-	-	1,582,699	1,221,127
Other debtors	5,399,649	4,824,668	5,354,346	4,680,920
Prepayments and accrued income	503,758	296,970	49,408	13,875
	<u>9,562,659</u>	<u>8,711,517</u>	<u>6,986,453</u>	<u>5,915,922</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	1,971,135	874,134	1,971,135	874,134
Deferred tax asset (note 25)	4,818	5,008	4,659	4,849
	<u>1,975,953</u>	<u>879,142</u>	<u>1,975,794</u>	<u>878,983</u>
<b>Total debtors</b>	<u>11,538,612</u>	<u>9,590,659</u>	<u>8,962,247</u>	<u>6,794,905</u>

### 21 Creditors: amounts falling due within one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Bank loans and overdrafts	23	337	672	-	-
Obligations under finance leases	24	26,115	12,598	-	-
Payments received on account		39,051	35,813	-	-
Trade creditors		2,503,834	2,603,273	(2,958)	1,678
Corporation tax payable		529,390	599,209	21,481	3,530
Other taxation and social security		574,024	403,170	31,943	15,024
Government grants	26	66,080	67,859	-	-
Other creditors		266,623	701,659	501	10,501
Accruals and deferred income		544,635	586,042	48,176	50,749
		<u>4,550,089</u>	<u>5,010,295</u>	<u>99,143</u>	<u>81,482</u>

### 22 Creditors: amounts falling due after more than one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Obligations under finance leases	24	<u>56,736</u>	<u>80,944</u>	<u>-</u>	<u>-</u>

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 23 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank overdrafts	337	672	-	-
Payable within one year	337	672	-	-

The long-term loans are unsecured.

Amounts are repayable on demand and are interest free.

### 24 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	26,115	12,598	-	-
In two to five years	56,736	80,944	-	-
	82,851	93,542	-	-

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 at inception. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease obligations are secured over the assets to which they relate.

### 25 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	465,098	-	4,818	5,008
Investments	330,770	918,499	-	-
	795,868	918,499	4,818	5,008

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

<b>25</b>	<b>Deferred taxation</b>	<b>(Continued)</b>			
		<b>Liabilities</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Assets</b>
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Company</b>		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances		-	-	4,659	4,849
Investments		330,770	546,405	-	-
		<u>330,770</u>	<u>546,405</u>	<u>4,659</u>	<u>4,849</u>
				<b>Group</b>	<b>Company</b>
				<b>2022</b>	<b>2022</b>
				<b>£</b>	<b>£</b>
<b>Movements in the year:</b>					
Liability at 1 January 2022				913,491	541,556
Credit to profit or loss				(122,441)	(215,445)
Liability at 31 December 2022				<u>791,050</u>	<u>326,111</u>
<b>26</b>	<b>Government grants</b>	<b>Group</b>		<b>Company</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deferred grants		66,080	67,859	-	-
		<u>66,080</u>	<u>67,859</u>	<u>-</u>	<u>-</u>
<b>27</b>	<b>Retirement benefit schemes</b>			<b>2022</b>	<b>2021</b>
				<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>					
Charge to profit or loss in respect of defined contribution schemes				227,652	207,693
				<u>227,652</u>	<u>207,693</u>

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

At the year end, the group's commitments in respect of defined contribution pensions schemes totalled £30,673 (2021: £24,425).

At the year end, the company's commitments in respect of defined contribution pensions schemes totalled £1,756 (2021: £1,355).

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 28 Share capital

Group and company Ordinary share capital Issued and fully paid	2022 Number	2021 Number	2022 £	2021 £
Ordinary of 1p each	2,025,000	2,025,000	20,250	20,250

### 29 Reserves

#### Profit and loss reserves

Profit and loss reserves represent accumulated realised profits less accumulated realised losses and dividends paid.

### 30 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the group for certain of its properties and motor vehicles. Property leases are negotiated for an average term of 5 years. Vehicle leases are negotiated for an average 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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	71,143	65,466	-	-
Between two and five years	63,094	119,469	-	-
	<u>134,237</u>	<u>184,935</u>	<u>-</u>	<u>-</u>

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 31 Related party transactions

##### Transactions with related parties

	2022	Other income 2021
	£	£
<b>Company</b>		
Entities over which the entity has control, joint control or significant influence	<u>1,989,748</u>	<u>1,638,881</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022 Balance £	2021 Balance £
<b>Group</b>		
Other related parties	<u>1,200,000</u>	<u>1,200,000</u>
<b>Company</b>		
Entities over which the company has control, joint control or significant influence	1,850,562	1,619,161
Other related parties	<u>1,200,000</u>	<u>1,200,000</u>

Related party transactions consist of:

- interest receivable on loans to associates and subsidiaries - charged at a fixed rate of interest, based on the amount of loan outstanding during the period, compounded on a daily or monthly basis;
- dividends receivable from subsidiaries; and
- management charges to subsidiaries.

Related party balances at the year end consist of:

- amounts due from subsidiaries in respect of sales invoices raised in the period, which are repayable on demand; and
- loan balances due from associates, subsidiaries and other related parties, repayable by instalments over terms ranging from 2 to 5 years.

#### 32 Controlling party

Mr A J Rawson is considered to be the ultimate controlling party by virtue of his majority shareholding.

# PENTWIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 33 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	1,118,112	1,532,113
<b>Adjustments for:</b>		
Share of results of associates and joint ventures	(26,421)	(26,324)
Taxation charged	303,210	933,136
Finance costs	7,331	4,642
Investment income	(856,266)	(258,051)
Gain on disposal of tangible fixed assets	(42,087)	(14,255)
Amortisation and impairment of intangible assets	970,524	844,793
Depreciation and impairment of tangible fixed assets	522,855	418,584
Other gains and losses	862,540	(330,230)
<b>Movements in working capital:</b>		
Increase in stocks	(96,955)	(339,063)
Increase in debtors	(1,376,784)	(1,373,856)
(Decrease)/increase in creditors	(401,790)	788,298
Decrease in deferred income	(1,779)	(1,778)
<b>Cash generated from operations</b>	<b>982,490</b>	<b>2,178,009</b>

### 34 Analysis of changes in net funds - group

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	15,673,362	(2,084,083)	13,589,279
Bank overdrafts	(672)	335	(337)
	15,672,690	(2,083,748)	13,588,942
Obligations under finance leases	(93,542)	10,691	(82,851)
	15,579,148	(2,073,057)	13,506,091