

Company Registration No. 01179701 (England and Wales)

PANEL SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

WEDNESDAY



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PANEL SYSTEMS LIMITED

COMPANY INFORMATION

Director	C M Ibbotson
Secretary	C Fairburn
Company number	01179701
Registered office	Unit 3-9 Welland Close Parkwood Industrial Estate Rutland Road Sheffield S3 9QY
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD

PANEL SYSTEMS LIMITED

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PANEL SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents the strategic report for the year ended 31 December 2018.

Fair review of the business

The Company traded strongly in 2018 with pre-tax profits of £1,097,428 an increase of 21% on the previous year. Early trading in 2019 is line with expectations and comparable to 2018.

Principal risks and uncertainties

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, cash, other liquid resources and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are liquidity risk, foreign currency risk and the general economic climate. The directors review and agree policies for managing each of these risks and monitor on a monthly basis.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is supported through an agreed overdraft facility.

Currency risk

The company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the volume of foreign purchases are low and supplies are generally on 30 day terms. Sales and purchases for the Euro area are transacted in Euros.

General economic climate

There is evidence that the delay in finalising an agreement with the EU is impacting on activity levels across several markets. The Company has, where practical, implemented contingency plans to maintain sales and/or supplies.

Key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance of the company as a whole, these being turnover, operating profit, profit before taxation and the strength of the balance sheet.

On behalf of the board



C M Ibbotson

Director

13/05/19

PANEL SYSTEMS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his annual report and financial statements for the year ended 31 December 2018.

Principal activities

The company comprises three manufacturing divisions supplying a range of markets including construction, caravans and leisure.

Director

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

C M Ibbotson

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £222,800. The director does not recommend payment of a final dividend.

Auditor

In accordance with the Company's Articles, a resolution proposing that BHP, Chartered Accountants be reappointed as auditors of the company will be put at a General Meeting.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

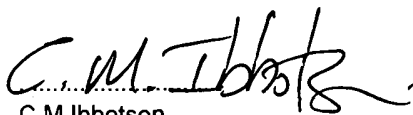
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

PANEL SYSTEMS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board



C M Ibbotson

Director

Date: 13/5/2019

PANEL SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PANEL SYSTEMS LIMITED

Opinion

We have audited the financial statements of Panel Systems Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

PANEL SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PANEL SYSTEMS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends 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.

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

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.

BHP LLP

John Warner (Senior Statutory Auditor)
for and on behalf of BHP LLP

Chartered Accountants
Statutory Auditor

13/05/19

2 Rutland Park
Sheffield
S10 2PD

PANEL SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	13,082,023	12,566,690
Cost of sales		(10,777,522)	(10,565,518)
Gross profit		2,304,501	2,001,172
Distribution costs		(478,701)	(457,538)
Administrative expenses		(743,708)	(646,185)
Other operating income		8,887	9,296
Operating profit	4	1,090,979	906,745
Interest receivable and similar income	7	9,150	2,598
Interest payable and similar expenses	8	(2,701)	(1,557)
Profit before taxation		1,097,428	907,786
Taxation	9	(206,124)	(176,981)
Profit for the financial year		891,304	730,805

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

PANEL SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£	£
Profit for the year	891,304	730,805
Other comprehensive income	-	-
Total comprehensive income for the year	<u>891,304</u>	<u>730,805</u>

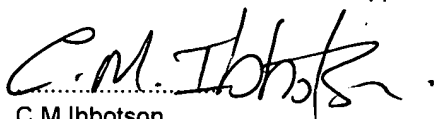
PANEL SYSTEMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12		508,353		731,892
Current assets					
Stocks	13	468,061		504,890	
Debtors	14	2,900,650		2,361,703	
Cash at bank and in hand		1,395,860		1,149,083	
		<u>4,764,571</u>		<u>4,015,676</u>	
Creditors: amounts falling due within one year	15	<u>(1,857,523)</u>		<u>(1,904,966)</u>	
Net current assets			2,907,048		2,110,710
Total assets less current liabilities			<u>3,415,401</u>		<u>2,842,602</u>
Creditors: amounts falling due after more than one year	16		(49,499)		(107,704)
Provisions for liabilities	18		(39,000)		(76,500)
Net assets			<u>3,326,902</u>		<u>2,658,398</u>
Capital and reserves					
Called up share capital	22		1,000		1,000
Profit and loss reserves			3,325,902		2,657,398
Total equity			<u>3,326,902</u>		<u>2,658,398</u>

The financial statements were approved and signed by the director and authorised for issue on 13/5/19.....


C M Ibbotson
Director

Company Registration No. 01179701

PANEL SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2017		1,000	2,172,193	2,173,193
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	730,805	730,805
Dividends	10	-	(245,600)	(245,600)
Balance at 31 December 2017		1,000	2,657,398	2,658,398
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	891,304	891,304
Dividends	10	-	(222,800)	(222,800)
Balance at 31 December 2018		1,000	3,325,902	3,326,902

PANEL SYSTEMS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	26	748,001		1,315,857	
Interest paid		(2,701)		(1,557)	
Income taxes paid		(166,981)		(145,018)	
Net cash inflow from operating activities		<u>578,319</u>		<u>1,169,282</u>	
Investing activities					
Purchase of tangible fixed assets		(73,253)		(437,360)	
Proceeds on disposal of tangible fixed assets		3,500		22,250	
Interest received		9,150		2,598	
Net cash used in investing activities		<u>(60,603)</u>		<u>(412,512)</u>	
Financing activities					
Payment of finance leases obligations		(48,139)		98,712	
Dividends paid		(222,800)		(245,600)	
Net cash used in financing activities		<u>(270,939)</u>		<u>(146,888)</u>	
Net increase in cash and cash equivalents		<u>246,777</u>		<u>609,882</u>	
Cash and cash equivalents at beginning of year		1,149,083		539,201	
Cash and cash equivalents at end of year		<u><u>1,395,860</u></u>		<u><u>1,149,083</u></u>	

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Panel Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 3-9 Welland Close, Parkwood Industrial Estate, Rutland Road, Sheffield, S3 9QY.

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention,

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 principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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.

This 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:

- 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' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; 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 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Panel Systems Holdings Limited. These consolidated financial statements are available from its registered office.

1.2 Going concern

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

1.3 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.

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.

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 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.

1.5 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:

Leasehold buildings	life of lease (maximum 10 years)
Plant and machinery	3 to 10 years
Motor vehicles	4 to 5 years

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 credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company 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).

1.7 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.

1.8 Cash at bank and in hand

Cash at bank and in hand 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.

1.9 Financial instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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.

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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 company 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 company 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.

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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 company's contractual obligations expire or are discharged or cancelled.

1.10 Share Capital

Share capital issued by the company is recorded at the proceeds received, net of direct issue costs. Dividends payable on share capital are recognised as liabilities once they are no longer at the discretion of the company.

1.11 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 company'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.

1.12 Employee benefits

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

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

1.13 Retirement benefits

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

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.14 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 the profit and loss account 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 income 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 lease asset are consumed.

1.15 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

3 Turnover and other revenue

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

	2018	2017
	£	£
Turnover		
Panel components	13,082,023	12,566,690

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2018 £	2017 £
United Kingdom	12,901,895	12,374,534
Europe and other	180,128	192,156
	<u>13,082,023</u>	<u>12,566,690</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	22,225	-
Government grants	(8,887)	(9,296)
Fees payable to the company's auditor for the audit of the company's financial statements	11,740	12,000
Depreciation of owned tangible fixed assets	256,642	211,181
Depreciation of tangible fixed assets held under finance leases	40,150	13,091
Profit on disposal of tangible fixed assets	(3,500)	(13,804)
Operating lease charges	251,535	252,555
	<u>251,535</u>	<u>252,555</u>

5 Employees

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

	2018 Number	2017 Number
Production and Warehouse	56	55
Selling and Marketing	9	8
Administration	5	5
	<u>70</u>	<u>68</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,879,324	1,814,884
Social security costs	180,790	175,330
Pension costs	89,965	86,561
	<u>2,150,079</u>	<u>2,076,775</u>

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Director's remuneration

	2018 £	2017 £
Remuneration for qualifying services	41,051	39,761

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	9,150	2,598

Investment income includes the following:

Interest on financial assets	9,150	2,598
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8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	2,701	1,557

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	243,624	166,981
Deferred tax		
Origination and reversal of timing differences	(37,500)	10,000
Total tax charge	206,124	176,981

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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:

	2018 £	2017 £
Profit before taxation	1,097,428	907,786
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	208,511	181,557
Tax effect of expenses that are not deductible in determining taxable profit	1,868	1,919
Change in unrecognised deferred tax assets	1,015	2,352
Effect of change in corporation tax rate	-	(6,537)
Other permanent differences	(665)	1,777
Change in deferred tax rates	(4,605)	(4,087)
Taxation charge for the year	206,124	176,981
10 Dividends	2018 £	2017 £
Interim paid	222,800	245,600
11 Intangible fixed assets		Goodwill £
Cost		
At 1 January 2018 and 31 December 2018		92,346
Amortisation and impairment		
At 1 January 2018 and 31 December 2018		92,346
Carrying amount		
At 31 December 2018		-
At 31 December 2017		-

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Tangible fixed assets

	Leasehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2018	73,741	1,666,536	382,133	2,122,410
Additions	-	70,355	2,898	73,253
Disposals	-	(18,070)	-	(18,070)
At 31 December 2018	73,741	1,718,821	385,031	2,177,593
Depreciation and impairment				
At 1 January 2018	70,162	1,227,313	93,043	1,390,518
Depreciation charged in the year	3,579	200,571	92,642	296,792
Eliminated in respect of disposals	-	(18,070)	-	(18,070)
At 31 December 2018	73,741	1,409,814	185,685	1,669,240
Carrying amount				
At 31 December 2018	-	309,007	199,346	508,353
At 31 December 2017	3,579	439,223	289,090	731,892

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

	2018 £	2017 £
Motor vehicles	147,217	183,269
Depreciation charge for the year in respect of leased assets	40,150	13,091

13 Stocks

	2018 £	2017 £
Raw materials and consumables	461,382	459,118
Work in progress	6,679	45,772
	468,061	504,890

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	2,371,206	1,847,613
Amounts owed by group undertakings	397,446	397,446
Prepayments and accrued income	131,998	116,644
	<u>2,900,650</u>	<u>2,361,703</u>

15 Creditors: amounts falling due within one year

	Notes	2018	2017
		£	£
Obligations under finance leases	17	49,318	48,139
Trade creditors		1,069,233	1,271,389
Corporation tax		243,624	166,981
Other taxation and social security		351,981	296,990
Other creditors		-	2,834
Accruals and deferred income		143,367	118,633
		<u>1,857,523</u>	<u>1,904,966</u>

16 Creditors: amounts falling due after more than one year

	Notes	2018	2017
		£	£
Obligations under finance leases	17	37,862	87,180
Government grants		11,637	20,524
		<u>49,499</u>	<u>107,704</u>

17 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	49,318	48,139
In two to five years	37,862	87,180
	<u>87,180</u>	<u>135,319</u>

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company 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 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The hire purchase creditors are secured by a fixed and floating charge over the assets to which they relate.

18 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	20	39,000	76,500

19 Financial instruments

All debt instruments and financial liabilities are measured at amortised cost.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
ACAs	39,000	76,500
Movements in the year:		2018 £
Liability at 1 January 2018		76,500
Credit to profit or loss		(37,500)
Liability at 31 December 2018		39,000

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

21 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	89,965	86,561

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £12,107 (2017: £12,511) were payable to the fund at the year end and are included in creditors.

22 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid:		
1,000 Ordinary shares of £1 each	1,000	1,000
	1,000	1,000

23 Operating lease commitments

Lessee

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

	2018	2017
	£	£
Within one year	247,500	247,500
Between two and five years	906,700	930,500
In over five years	496,008	719,708
	1,650,208	1,897,708

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	27,946	27,250

PANEL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

24 Related party transactions

(Continued)

The company has taken advantage of the exemption available in FRS102 section 33 "related party disclosures" whereby it has not disclosed transactions with the ultimate parent company and any wholly owned subsidiary undertaking in the group.

25 Controlling party

The Ultimate parent company is Panel Systems (Holdings) Limited, which is a company registered in England and Wales.

26 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	891,304	730,805
Adjustments for:		
Taxation charged	206,124	176,981
Finance costs	2,701	1,557
Investment income	(9,150)	(2,598)
Gain on disposal of tangible fixed assets	(3,500)	(13,804)
Depreciation and impairment of tangible fixed assets	296,792	224,272
Movements in working capital:		
Decrease/(increase) in stocks	36,829	(98,196)
(Increase)/decrease in debtors	(538,947)	55,756
(Decrease)/increase in creditors	(125,265)	250,380
(Decrease) in deferred income	(8,887)	(9,296)
Cash generated from operations	748,001	1,315,857