

Company Registration No. 02577957 (England and Wales)

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



PANEL SYSTEMS (HOLDINGS) LIMITED

COMPANY INFORMATION

Director	Mr C M Ibbotson
Secretary	C Fairburn
Company number	02577957
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 (HOLDINGS) LIMITED

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PANEL SYSTEMS (HOLDINGS) 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.

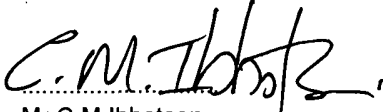
General economic climate

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



Mr C M Ibbotson

Director

13/05/19

PANEL SYSTEMS (HOLDINGS) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his report and financial statements for the year ended 31 December 2018. The company is dormant and has not traded during the year.

Principal activities

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

The holding company has remained dormant during the year and is likely to remain dormant for the foreseeable future.

Director

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

Mr C M Ibbotson

Results and dividends

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

An interim ordinary dividend was paid amounting to 222,800. The director does not recommend payment of a final dividend.

Auditor

BHP LLP were appointed auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed 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 group and company, and of the profit or loss of the group 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;
- 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 director is 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. He is 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

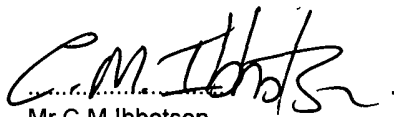
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order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

PANEL SYSTEMS (HOLDINGS) LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board



Mr C M Ibbotson

Director

Date: 13/5/19

PANEL SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PANEL SYSTEMS (HOLDINGS) LIMITED

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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.

PANEL SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PANEL SYSTEMS (HOLDINGS) LIMITED

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the 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 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

PANEL SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PANEL SYSTEMS (HOLDINGS) LIMITED

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

13/05/19

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP 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
Tax on profit	9	(206,124)	(176,981)
Profit for the financial year	26	891,304	730,805

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

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

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP 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>

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

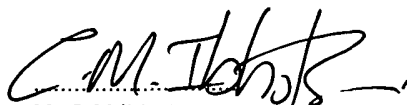
PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12		508,353		731,892
Current assets					
Stocks	17	468,061		504,890	
Debtors	15	2,503,204		1,964,257	
Cash at bank and in hand		1,395,860		1,149,083	
		<u>4,367,125</u>		<u>3,618,230</u>	
Creditors: amounts falling due within one year	18	<u>(1,857,522)</u>		<u>(1,904,965)</u>	
Net current assets			2,509,603		1,713,265
Total assets less current liabilities			<u>3,017,956</u>		<u>2,445,157</u>
Creditors: amounts falling due after more than one year	19		(49,499)		(107,704)
Provisions for liabilities	21		(39,000)		(76,500)
Net assets			<u><u>2,929,457</u></u>		<u><u>2,260,953</u></u>
Capital and reserves					
Called up share capital	23		22,950		22,950
Share premium account	24		140,000		140,000
Capital redemption reserve	25		37,051		37,051
Profit and loss reserves	26		2,729,456		2,060,952
Total equity			<u><u>2,929,457</u></u>		<u><u>2,260,953</u></u>

The financial statements were approved and signed by the director and authorised for issue on 13/05/19



Mr C M Ibbotson
Director

PANEL SYSTEMS (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

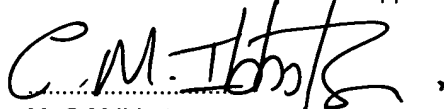
AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investments	13		635,173		635,173
Current assets			-		-
Creditors: amounts falling due within one year	18	(397,445)		(397,445)	
Net current liabilities			(397,445)		(397,445)
Total assets less current liabilities			237,728		237,728
Capital and reserves					
Called up share capital	23		22,950		22,950
Share premium account	24		140,000		140,000
Capital redemption reserve	25		37,051		37,051
Profit and loss reserves	26		37,727		37,727
Total equity			237,728		237,728

For the financial year ended 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and signed by the director and authorised for issue on 13/05/19.



Mr C M Ibbotson
Director

Company Registration No. 02577957

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2017		22,950	140,000	37,051	1,575,747	1,775,748
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		22,950	140,000	37,051	2,060,952	2,260,953
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		22,950	140,000	37,051	2,729,456	2,929,457

PANEL SYSTEMS (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2017		22,950	140,000	37,051	37,727	237,728
Year ended 31 December 2017:						
Profit and total comprehensive income for the year		-	-	-	245,600	245,600
Dividends	10	-	-	-	(245,600)	(245,600)
Balance at 31 December 2017		22,950	140,000	37,051	37,727	237,728
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	222,800	222,800
Dividends	10	-	-	-	(222,800)	(222,800)
Balance at 31 December 2018		22,950	140,000	37,051	37,727	237,728

PANEL SYSTEMS (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	28	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 to equity shareholders		(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 (HOLDINGS) LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Investing activities					
Dividends received		222,800		245,600	
		<u> </u>		<u> </u>	
Net cash generated from investing activities			222,800		245,600
Financing activities					
Dividends paid to equity shareholders		(222,800)		(245,600)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(222,800)		(245,600)
			<u> </u>		<u> </u>
Net increase in cash and cash equivalents			-		-
Cash and cash equivalents at beginning of year			-		-
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u> </u>		<u> </u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

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

The group consists of Panel Systems (Holdings) 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. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Panel Systems (Holdings) Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2018.

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

All financial statements are made up to 31 December 2018. 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.

1.3 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.

1.4 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.

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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

1.5 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.

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 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:

Land and buildings Leasehold	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 recognised in the profit and loss account.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.9 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.

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.10 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.

1.11 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. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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.

Derecognition of financial liabilities

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

1.13 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.

1.14 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.

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.15 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.

1.16 Retirement benefits

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

1.17 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.

1.18 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 group'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.

PANEL SYSTEMS (HOLDINGS) LIMITED

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

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Panel Components	13,082,023	12,566,690
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	9,150	2,598
Grants received	8,887	9,296
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
United Kingdom	12,901,895	192,156
Europe and other	180,128	12,374,534
	<u> </u>	<u> </u>
	13,082,023	12,566,690
	<u> </u>	<u> </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)
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)
Cost of stocks recognised as an expense	8,161,349	7,969,068
Operating lease charges	251,535	252,555
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	11,740	12,000
	<u> </u>	<u> </u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Administration	56	55	-	-
	9	8	-	-
	5	5	-	-
	<u>70</u>	<u>68</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 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>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	<u>9,150</u>	<u>2,598</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>9,150</u>	<u>2,598</u>
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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	<u>2,701</u>	<u>1,557</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	<u>243,624</u>	<u>166,981</u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(37,500)	10,000
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Total tax charge	206,124	176,981
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The actual charge for the year can be reconciled to the expected charge 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
	(4,605)	(4,087)
Taxation charge	206,124	176,981

10 Dividends

	2018 £	2017 £
Interim paid	222,800	245,600

11 Intangible fixed assets

Group	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 (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Intangible fixed assets

(Continued)

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

12 Tangible fixed assets

Group	Land and buildings Leasehold £	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 company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

Motor vehicles	147,217	183,269	-	-
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13 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	14	-	-	635,173	635,173

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2018 and 31 December 2018

635,173

Carrying amount

At 31 December 2018

635,173

At 31 December 2017

635,173

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Panel Systems Limited	UK	Manufacture of panel components	Ordinary	100.00	

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Panel Systems Limited	891,304	3,326,902

15 Debtors

	Group		Company	
	2018	2017	2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,371,206	1,847,613	-	-
Prepayments and accrued income	131,998	116,644	-	-
	<u>2,503,204</u>	<u>1,964,257</u>	<u>-</u>	<u>-</u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,371,206	1,847,613	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	1,299,779	1,528,174	397,445	397,445

17 Stocks

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

18 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Obligations under finance leases	20	49,318	48,139	-	-
Trade creditors		1,069,233	1,271,389	-	-
Amounts owed to group undertakings		-	-	397,445	397,445
Corporation tax payable		243,624	166,981	-	-
Other taxation and social security		351,981	296,990	-	-
Other creditors		-	2,834	-	-
Accruals and deferred income		143,366	118,632	-	-
		1,857,522	1,904,965	397,445	397,445

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Obligations under finance leases	20	37,862	87,180	-	-
Government grants		11,637	20,524	-	-
		49,499	107,704	-	-

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Finance lease obligations

	Group 2018 £	2017 £	Company 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>	<u>-</u>	<u>-</u>

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

21 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Group		
ACAs	<u>39,000</u>	<u>76,500</u>

The company has no deferred tax assets or liabilities.

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 January 2018	76,500	-
Credit to profit or loss	(37,500)	-
Liability at 31 December 2018	<u>39,000</u>	<u>-</u>

The deferred tax liability relates to accelerated capital allowances that are expected to mature within the same period.

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Retirement benefit schemes

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

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

23 Share capital

	Group and company	
	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
229,500 Ordinary shares of 10p each	22,950	22,950

24 Share premium account

	Group	2017	Company	2017
	2018		2018	
	£	£	£	£
At beginning and end of year	140,000	140,000	140,000	140,000

25 Capital redemption reserve

	Group	2017	Company	2017
	2018		2018	
	£	£	£	£
At beginning and end of year	37,051	37,051	37,051	37,051

26 Profit and loss reserves

	Group	2017	Company	2017
	2018		2018	
	£	£	£	£
As restated	2,060,952	1,575,747	37,727	37,727
Profit for the year	891,304	730,805	222,800	245,600
Dividends	(222,800)	(245,600)	(222,800)	(245,600)
At the end of the year	2,729,456	2,060,952	37,727	37,727

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

27 Operating lease commitments

Lessee

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

	Group 2018 £	2017 £	Company 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	-	-
	<u>1,650,208</u>	<u>1,897,708</u>	<u>-</u>	<u>-</u>

28 Cash generated from group 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	<u>748,001</u>	<u>1,315,857</u>

PANEL SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

29 Cash generated from operations - company

	2018	2017
	£	£
Profit for the year after tax	222,800	245,600
Adjustments for:		
Investment income	(222,800)	(245,600)
	<hr/>	<hr/>
Cash absorbed by operations	-	-
	<hr/>	<hr/>