

P&R Installation Company Limited

Annual Report and Financial Statements

For the year ended 31 March 2023



Company Registration No. 03459190 (England and Wales)

P&R Installation Company Limited

Company Information

Directors	C J Lovett D M A Bullen L J Venables
Company number	03459190
Registered office	Brooklyn Lodge Mott Street London E4 7RW
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP
Bankers	HSBC UK Bank Plc 79 Piccadilly London W1J 8EU

P&R Installation Company Limited

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P&R Installation Company Limited

Strategic Report

For the year ended 31 March 2023

The directors present the strategic report and financial statements for the year ended 31 March 2023.

Review of business and future developments

The principle activity of P&R is to complete historic projects novated from DCB (Kent) Limited (DCB). As explained in more detail in the March 2023 financial statements of Kinovo Plc (the 'Group'), during 2022 the Group disposed of DCB (Kent) limited (DCB), a Group company specialising in long term construction contracts. Post disposal DCB entered administration, but under existing parent company guarantees the Group is responsible to complete nine ongoing construction contracts. These contracts are in the process of being novated to P&R or terminated and new contracts with P&R drawn up on comparable terms. Novation of 7 of 9 of the contracts was completed during the year, with 2 still in negotiation. Of the 7, 3 had recommenced work as at the year end, with the other 4 on site by the time of signing these accounts. The remaining 2 are in advance discussion.

The overall estimated net cost to complete the construction projects is expected to be £4.3 million. A £5.3 million loss is reported in the year ended 31 March 2023 with £1.0 million of anticipated recoveries recognised, in future periods, when they have been realised. There are nine projects in total and six are now operating under new contracts and another is being completed directly by the client. At 31 March 2023, three projects were on site. Four other contracts were signed as at 31 March 2023 and commenced post year end. The remaining two projects are in continuing positive discussions. At 31 March 2023 the outstanding balance on the costs to complete provision was £3.5 million.

Principal risks and uncertainties

The key future risk for the business is the uncertainty within the estimated cost to complete on the novated contracts. Specialist third party quantity surveyors have been engaged to complete full site surveys, tender supplier and subcontractor packages and prepare full plans to complete. The directors are satisfied that appropriate measures have been undertaken to establish the extent of the obligation.

Financial key performance indicators

The company made an operating loss in the year of £5,260,000 (2022: loss £1,211,078) on revenues of £531,501 (2021: Nil).

On behalf of the board



C J Lovett
Director

P&R Installation Company Limited

Directors' Report

For the year ended 31 March 2023

The directors present their report and financial statements for the year ended 31 March 2023.

In accordance with s414C(11) of the Companies Act 2006 the directors have chosen to include information about future developments and principal risks and uncertainties in the Strategic Report.

Principal activity

The Company is used to complete long-term construction contracts novated from other Companies.

Results and dividends

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

No ordinary dividends were paid in the year (2022: £Nil). The directors do not recommend payment of a final dividend.

Directors

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

C J Lovett
D M A Bullen
L J Venables

Directors' liability insurance

The company maintains appropriate insurance cover in respect of legal action against its directors which could arise in the discharge of their duties.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

P&R Installation Company Limited

Directors' Report (Continued)

For the year ended 31 March 2023

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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. They are 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



C J Lovett
Director

P&R Installation Company Limited

Independent Auditor's Report

To the Members of P&R Installation Company Limited

Opinion

We have audited the financial statements of P&R Installation Company Limited for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (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 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Emphasis of matter

We draw attention to notes 1.2 and 2 to the financial statements, which describe the costs to complete in relation to, and status of, the contracts entered into by DCB (Kent) Limited that DCB (Kent) Limited was unable to fulfil due to going into administration. Due to the parent company guarantee put in place prior to the disposal of DCB (Kent) Limited, the company is liable for completion of the contracts and has estimated the total provision required for the costs to complete for the 9 projects to be approximately £5.3 million, out of which £3.5 million is outstanding as at 31 March 2023.

Whilst the company used an expert to assist in determining these amounts, this is a material judgement which we considered needed to be highlighted to the users of the financial statements. Our opinion is not modified in this respect.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company's ability to continue as a going concern is dependant upon continuing support from its ultimate parent company Kinovo Plc.

P&R Installation Company Limited

Independent Auditor's Report (Continued)

To the Members of P&R Installation Company Limited

Material uncertainty related to going concern (continued)

As stated in note 1.2, the group is dependent on the continued support of its bank to continue in business and meets its liabilities as they fall due. The group currently has overdraft and purchasing card facilities in place to May 2024 and whilst the Board have a supportive relationship with the bank, documentation in respect of the extension of these facilities is yet to be completed at the date of signing these financial statements.

Whilst management believe that the borrowing facilities will be able to be renewed, there can be no certainty in this respect.

These conditions indicate that material uncertainty exists that may cast significant doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

P&R Installation Company Limited

Independent Auditor's Report (Continued)

To the Members of P&R Installation Company Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

P&R Installation Company Limited

Independent Auditor's Report (Continued)

To the Members of P&R Installation Company Limited

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

P&R Installation Company Limited

Independent Auditor's Report (Continued)

To the Members of P&R Installation Company Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

P&R Installation Company Limited

Independent Auditor's Report (Continued)

To the Members of P&R Installation Company 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Andrew Barford (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP

Date 05 December 2023

Chartered Accountants

Statutory Auditor

6th Floor

9 Appold Street

London

EC2A 2AP

P&R Installation Company Limited

Statement of Comprehensive Income

For the year ended 31 March 2023

		2023	2022
	Notes	£	£
Revenue	3	531,501	-
Cost of sales		<u>(5,791,501)</u>	<u>-</u>
Gross loss		(5,260,000)	-
Administrative expenses		<u>-</u>	<u>(1,211,078)</u>
Operating loss	4	<u>(5,260,000)</u>	<u>(1,211,078)</u>
Loss before taxation		(5,260,000)	(1,211,078)
Tax on loss	6	<u>826,585</u>	<u>(17,211)</u>
Loss after taxation		(4,433,415)	(1,228,289)
Total comprehensive loss for the year		<u><u>(4,433,415)</u></u>	<u><u>(1,228,289)</u></u>


P&R Installation Company Limited

Statement Of Financial Position

As at 31 March 2023

		2023 £	2022 £
Current assets	Notes		
Trade and other receivables		429,028	1,391,925
Cash at bank and in hand	7	<u>10,000</u>	<u>10,000</u>
		439,028	1,401,925
 Creditors: amounts falling due within one year		 (13,208,049)	 (9,737,531)
	8	<u>(13,208,049)</u>	<u>(9,737,531)</u>
Net current liabilities		<u>(12,769,021)</u>	<u>(8,335,606)</u>
Total assets less current liabilities		(12,769,021)	(8,335,606)
 Deferred tax liability		 (21,000)	 (21,000)
	9		
Net liabilities		<u>(12,790,021)</u>	<u>(8,356,606)</u>
 Capital and reserves			
Called up share capital		1,000	1,000
Other reserves	10	216,997	216,997
Profit and loss account		<u>(13,008,018)</u>	<u>(8,574,603)</u>
Total equity		<u>(12,790,021)</u>	<u>(8,356,606)</u>

The financial statements were approved by the board of directors and authorised for issue on 4 December 2023 and are signed on its behalf by:



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C J Lovett
Director

Company Registration No. 03459190

P&R Installation Company Limited

Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital £	Retained earnings £	Share based payment reserve £	Total £
Balance at 31 March 2021	<u>1,000</u>	<u>(7,346,314)</u>	<u>216,997</u>	<u>(7,128,317)</u>
Year ended 31 March 2022:				
Loss and total comprehensive loss for the year	-	(1,228,289)	-	(1,228,289)
Balance at 31 March 2022	<u>1,000</u>	<u>(8,574,603)</u>	<u>216,997</u>	<u>(8,356,606)</u>
Year ended 31 March 2023:				
Loss and total comprehensive loss for the year	-	(4,433,415)	-	(4,433,415)
Balance at 31 March 2023	<u>1,000</u>	<u>(13,008,018)</u>	<u>216,997</u>	<u>(12,790,021)</u>

P&R Installation Company Limited

Notes to the Financial Statements

For the year ended 31 March 2023

1 Accounting policies

Company information

P&R Installation Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Brooklyn Lodge, Mott Street, London E4 7RW.

1.1 Accounting convention

The financial statements are denominated in sterling and have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Kinovo Plc in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 , 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

1.1 Accounting convention (continued)

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

During the current year Kinovo repaid its £2.5 million Term loan with HSBC in its entirety. At 31 March 2023 the Group was in a net cash position of £1.1 million., with only £0.2 million of borrowings remaining, relating to a historic mortgage and Funding Circle loan.

During the prior year Kinovo disposed of its non-core construction based subsidiary DCB (Kent) Limited ("DCB").

On 16 May 2022, DCB filed for administration and as at the date of the financial statements Kinovo has limited expectation of recovery of amounts owed under the terms of the disposal of DCB. See notes 30 and 31 of the Group financial statements.

Kinovo had residual commitments under various Parent Company Guarantees for the DCB construction projects and working capital support. Under the terms of the parent company guarantees, Kinovo is responsible for the completion of the projects.

The overall estimated net cost to complete the construction projects is expected to be £4.3 million. A £5.3 million loss is reported in the year ended 31 March 2023 with £1.0 million of anticipated recoveries recognised, in future periods, when they have been realised. There are nine projects in total and six are now operating under new contracts and another is being completed directly by the client. At 31 March 2023, three projects were on site. Four other contracts were signed as at 31 March 2023 and commenced post year end. The remaining two projects are in continuing positive discussions. At 31 March 2023 the outstanding balance on the costs to complete provision was £3.5 million.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

1.2 Going concern (continued)

Three of the nine DCB contracts originally had performance bonds, which were indemnified by Kinovo plc, totalling £2.10 million. One performance bond was terminated by the client. The second bond and corresponding contract has been novated to a Group subsidiary and is indemnified by Kinovo under this new contract. The insolvent event, when DCB entered administration, that could have led to the performance bond being called has therefore been eliminated. Discussions continue on the third project with an expectation that the contract and performance bond will be similarly novated, which is the client's preference. Kinovo has engaged with the insurer, underwriter and client and although the outstanding bond of £860,000 could have been called at any time since DCB entered into administration, it is recognised by all parties that positive discussions are ongoing to identify solutions to enable the project to be completed and novate the bond.

The continuing business traded strongly in the year ended 31 March 2023 and is expected to grow further, strengthening existing relationships with its' client base, mobilising the new contracts it has won and securing new business opportunities through the established business development team.

In assessing the Company's ability to continue as a going concern, the Board reviews and approves the annual budget and longer-term strategic plan, including forecasts of cash flows.

In building these budgets and forecasts, the Board has considered the expected costs to complete the DCB construction projects and the market challenges of supply chain inflation and material and labour availability on the trading of the Group.

Although the Group has felt the challenges from a difficult trading environment coupled with the cash requirements of the discontinued operations, it has succeeded in continuing to grow, improve margins and generate significant cash to move from a net debt to net cash position during the course of the year.

The Group currently has banking facilities in place with HSBC Bank UK plc which will need to be renewed in May 2024. As this is within the 12 months from signing date it is technically considered that a material uncertainty exists in regards to this facility.

The Directors expect that the cash generated by the continuing business coupled with HSBC £2.5 million working capital facility in place for the Group will be sufficient to fund the costs to complete the construction projects and continue to drive the growth of the core operations.

After taking into account the above factors and possible sensitivities in trading performance, the Board has reasonable expectation that Kinovo plc and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future.

Kinovo Group continues to provide any financial support required by P&R Installation Company limited to fulfil its obligations for the 12 months from signing these accounts.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

1.2 Going concern (continued)

For these reasons, the Board continues to adopt the going concern basis in preparing the financial statements. Accordingly, these accounts do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

1.3 Revenue

Revenue is recognised on the DCB projects based on the monthly valuations submitted to the client, as this represents the value associated with the delivery of performance obligations.

1.4 Cost of sales

During the current year all the costs being incurred by the business directly relate to the completion of the 9 outstanding DCB projects. Therefore, these have been recognised as costs of sale, as there are no administrative functions being carried out by the company. In the prior year the costs incurred relate to working capital payments made to the acquirer of DCB before they went into administration, which were classified as administrative expenses, as it related to a period before P&R took legal control of the project and were a cost of disposal.

1.5 Dividends

The company has a policy of paying dividends to shareholders in accordance with the amount recommended by the Directors. If the Directors believe the dividends are justified by the profits of the company available for distribution, they also pay interim dividends. Dividends are recognised when they become legally payable. In the case of interim dividends, this is when dividends are paid. In the case of final dividends, this is when the dividends are approved by the shareholders at the Annual General Meeting.

1.6 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13.

1.7 Cash and cash equivalents

Cash and cash equivalents 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.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

1.8 Financial assets

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

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value through profit or 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 of the investment have been affected.

Derecognition of financial assets

or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments 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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

1.11 Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

The overall estimated net cost to complete the construction projects is expected to be £4.3 million. A £5.3 million loss is reported in the year ended 31 March 2023 with £1.0 million of anticipated recoveries recognised, in future periods, when they have been realised. There are nine projects in total and six are now operating under new contracts and another is being completed directly by the client. At 31 March 2023, three projects were on site. Four other contracts were signed as at 31 March 2023 and commenced post year end. The remaining two projects are in continuing positive discussions. At 31 March 2023 the outstanding balance on the costs to complete provision was £3.5 million.

No further estimates and judgements are considered to have a material impact.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

3 Revenue

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

	2023 £	2022 £
Building services	<u>531,501</u>	<u>-</u>

All revenues in the current year derive from continuing operations and were derived in the United Kingdom.

4 Operating (loss)/profit

	2023 £	2022 £
Operating (loss)/profit for the year is stated after charging:		
Depreciation of right to use asset	-	-
Cost of inventories recognised as an expense	<u>-</u>	<u>-</u>

The audit and tax compliance fees are borne by the parent company.

5 Employees

There were no employees in the company during the year (2022: Nil) and all director remuneration was borne by the parent company.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

6 Income tax expense

	2023 £	2022 £
Current tax		
Adjustment of prior year tax	-	38,211
Group relief of losses for the period	(826,585)	-
Deferred tax		
Origination and reversal of temporary differences	-	(21,000)
Total tax credit	(826,585)	17,211

The overall tax charge for the year can be reconciled to the profit per the statement of comprehensive income as follows;

	2023 £	2022 £
Loss before taxation	(5,260,000)	(1,211,078)
Expected tax charge based on a corporation tax rate of 19% (2022: 19%)	(999,400)	(230,105)
Expenses not deductible in determining taxable profit	-	(795)
Losses carried forward	172,815	248,111
Tax charge for the year	(826,585)	17,211

7 Trade and other receivables

	2023 £	2022 £
Trade receivables	3,902	-
Other receivables	22,673	-
Amounts due from fellow group undertakings	402,453	1,391,925
	429,028	1,391,925

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Amounts due from fellow group undertakings are interest free, unsecured and repayable on demand.

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

8 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade payables	413,528	50,152
Amounts due to fellow group undertakings	9,356,241	8,467,081
Accruals and deferred income	3,477,618	1,226,995
Social security and other taxation	(39,338)	(6,697)
	<u>13,208,049</u>	<u>9,737,531</u>

Amounts due to fellow group undertakings are interest free, unsecured and repayable on demand.

The company has access to a group working capital facility. There is a debenture in place comprising fixed and floating charges over all the assets and undertakings of the company including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future.

9 Deferred tax liability/asset

	2023	2022
	£	£
Deferred tax liability at 1 April 2022	(21,000)	-
Tax losses for the year	(999,400)	(248,111)
Tax losses surrendered for group relief	826,585	227,111
Losses not recognised for deferred tax	172,815	-
Deferred tax liability at 31 March 2023	<u>(21,000)</u>	<u>(21,000)</u>

Carry forward tax losses for the current year have not been recognised as a deferred tax liability in the company as it is not expected to make future profits against which to offset these.

Tax losses surrendered for group relief have been charged to other group members at £1 for every £1 of losses utilised.

10 Share capital

	2023	2022
	£	£
Authorised, issued and fully paid shares of £1 each	<u>1,000</u>	<u>1,000</u>

P&R Installation Company Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

11 Contingent liability

The company is party to a Composite Company Limited Multilateral Guarantee dated 22 May 2020 given by Kinovo Plc, R Dunham (UK) Limited, Spokemead Maintenance Limited and Purdy Contracts Limited. Although all loans were repaid as at 31 March 2023, the guarantee runs till September 2023, the end of the loan agreement term.

12 Related party transactions

The company has taken advantage of the exemption available in FRS 101 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of that group.

13 Controlling party

The immediate and ultimate parent undertaking is Kinovo Plc. The consolidated financial statements of Kinovo Plc which is the smallest and largest group to consolidate these financial statements, can be obtained from Brooklyn Lodge, Mott Street, London E4 7RW.

There is no ultimate controlling party.