

C. M.

Company Registration No. 02514415 (England and Wales)

PENTRE GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



PENTRE GROUP LIMITED

COMPANY INFORMATION

Directors	R P Johnstone S A Kilgallon M F Seymour J Meal
Secretary	J Meal
Company number	02514415
Registered office	Unit 2 Penfield Road Leigh Lancashire WN7 3PG
Auditor	Alexander & Co LLP 17 St Ann's Square Manchester M2 7PW

PENTRE GROUP LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Income statement	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 24

PENTRE GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Fair review of the business

The company's turnover for the year amounted to £17.9M with operating profit being £0.9M. The company's profit on ordinary activities after taxation amounted to £0.8M.

At the year end the company had shareholders' funds of £16.5M.

The company's continued success is significantly dependant on factors associated with the wider economic and political environment as well as potential changes in legislation and regulations.

The impact of Covid-19 post year end and the risk of further restrictions imposed presents potential risk and uncertainty. The Directors continuously monitor these risks and manage the business with flexibility and prudence in response to them.


As a consequence of Covid-19, the sales for the first half of 2020/21 will show a reduction in turnover, however, the forecast for the second half of 2020/21 is showing signs of recovery to more normal trading activity.

Principal risks and uncertainties

We are subject to a number of risks listed below which could have an adverse effect on our financial condition:-

- Brexit uncertainty in the event of a no deal exit is a significant risk, however appropriate actions are being implemented to mitigate its effect.
- Credit, cash flow and liquidity risk. The company consistently monitors all money movements to ensure that all these risks are prudently managed.
- Our net sales, profits and growth depend largely on the economic strength of the geographic markets that we operate in, and if these markets become weaker, we could be subject to decreased sales and profits.
- Volatility in the price of commodity items such as wood, plywood, steel and plastic could adversely affect our businesses.
- The markets for our products are highly competitive and we continually face pricing pressures which could adversely affect our financial performance.
- Failure to properly execute large customer projects may negatively impact our ability to obtain similar contracts in the future.
- Interruptions of deliveries from key suppliers may affect our financial performance and in addition we are exposed to fluctuations in foreign currency exchange rates, principally the Euro.

By order of the board


.....
J Mead
Secretary
10 Dec 2020

PENTRE GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Principal activities

The principal activity of the company continued to be that of the manufacture of cable reels and drums.

Directors

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

R P Johnstone
S A Kilgallon
M F Seymour
J Meal

Results and dividends

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

Ordinary dividends were paid amounting to £100,000. The directors do not recommend payment of a further dividend.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

PENTRE GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

By order of the board

.....*J Mead*.....
J Mead
Secretary

Date: *10 Dec 2020*.....

PENTRE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PENTRE GROUP LIMITED

Opinion

We have audited the financial statements of Pentre Group Limited (the 'company') for the year ended 31 March 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

PENTRE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PENTRE GROUP LIMITED

Matters on which we are required to report by exception

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Gary Kramrisch (Senior Statutory Auditor)
for and on behalf of Alexander & Co LLP

.....17 December 2020

Chartered Accountants
Statutory Auditor

17 St Ann's Square
Manchester
M2 7PW

PENTRE GROUP LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
	Notes	£	£
Turnover	3	17,916,283	18,611,606
Cost of sales		(13,202,135)	(13,598,543)
Gross profit		<u>4,714,148</u>	<u>5,013,063</u>
Administrative expenses		(3,789,476)	(3,670,490)
Operating profit	4	<u>924,672</u>	<u>1,342,573</u>
Interest receivable and similar income	7	12,907	852,074
Interest payable and similar expenses	8	(11,089)	(13,858)
Profit before taxation		<u>926,490</u>	<u>2,180,789</u>
Tax on profit	9	(167,560)	(262,978)
Profit for the financial year		<u><u>758,930</u></u>	<u><u>1,917,811</u></u>

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

PENTRE GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Profit for the year	758,930	1,917,811
Other comprehensive income		
Revaluation of tangible fixed assets	(70,228)	-
Total comprehensive income for the year	<u>688,702</u>	<u>1,917,811</u>

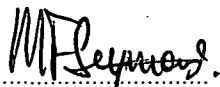
PENTRE GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	12		3,266,900		3,018,381
Investments	13		1,262,429		1,262,429
			<u>4,529,329</u>		<u>4,280,810</u>
Current assets					
Stocks	15	2,047,211		2,078,525	
Debtors	16	10,676,945		11,566,596	
Cash at bank and in hand		4,790,348		3,320,421	
		<u>17,514,504</u>		<u>16,965,542</u>	
Creditors: amounts falling due within one year	17	<u>(5,232,646)</u>		<u>(5,110,577)</u>	
Net current assets			<u>12,281,858</u>		<u>11,854,965</u>
Total assets less current liabilities			<u>16,811,187</u>		<u>16,135,775</u>
Provisions for liabilities	18		<u>(267,239)</u>		<u>(180,529)</u>
Net assets			<u>16,543,948</u>		<u>15,955,246</u>
Capital and reserves					
Called up share capital	21		2,926,581		2,926,581
Share premium account			1,212,190		1,212,190
Revaluation reserve			533,891		622,998
Profit and loss reserves			11,871,286		11,193,477
Total equity			<u>16,543,948</u>		<u>15,955,246</u>

The financial statements were approved by the board of directors and authorised for issue on 10 Dec 2020 and are signed on its behalf by:



M F Seymour
Director

Company Registration No. 02514415

PENTRE GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2018		2,926,581	1,212,190	641,877	9,316,787	14,097,435
Year ended 31 March 2019:						
Profit and total comprehensive income for the year		-	-	-	1,917,811	1,917,811
Dividends	10	-	-	-	(60,000)	(60,000)
Transfers		-	-	(18,879)	18,879	-
Balance at 31 March 2019		2,926,581	1,212,190	622,998	11,193,477	15,955,246
Year ended 31 March 2020:						
Profit for the year		-	-	-	758,930	758,930
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	(70,228)	-	(70,228)
Total comprehensive income for the year		-	-	(70,228)	758,930	688,702
Dividends	10	-	-	-	(100,000)	(100,000)
Transfers		-	-	(18,879)	18,879	-
Balance at 31 March 2020		2,926,581	1,212,190	533,891	11,871,286	16,543,948

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Pentre Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 2, Penfield Road, Leigh, Lancashire, WN7 3PG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of leasehold properties. The principal accounting policies adopted are set out below.

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Pentre Group Limited is a wholly owned subsidiary of Pentre Holdings Limited, which is in turn a wholly owned subsidiary of Pentre Group Holdings Limited. The results of Pentre Group Limited are included in the consolidated financial statements of both Pentre Holdings Limited and Pentre Group Holdings Limited, which are available from the Company Secretary, Unit 2, Penfield Road, Leigh, Lancashire, WN7 3PG.

1.2 Going concern

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

1.3 Turnover

Turnover is the amount derived from ordinary activities, and stated after trade discounts, other sales taxes and net of VAT. Revenue is recognised at the point of despatch.

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 despatch 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.

1.4 Intangible fixed assets - goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses, was written off in the year of acquisition.

1.5 Tangible fixed assets

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

Tangible fixed assets are stated at cost or valuation. Depreciation is being charged by equal annual instalments, commencing with the month in which the asset is first available for use, so as to write off each asset's cost or valuation, less any residual value, over its anticipated economic life. The following rates of depreciation have been used:

Long Leasehold	2% straight line
Improvements to property	10% straight line
Plant & machinery	10% to 25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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.

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

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

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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

1.8 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.

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

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

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

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

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company 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 company.

1.12 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

1.13 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

1.15 Leases

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.

1.16 Foreign exchange

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

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

	2020 £	2019 £
Turnover analysed by class of business		
Manufacture of cable reels and drums	17,916,283	18,611,606

	2020 £	2019 £
Other significant revenue		
Interest income	12,907	11,550
Dividends received	-	840,524

	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	9,402,160	9,131,608
Europe	6,915,941	8,297,342
Rest of the World	1,598,182	1,182,656
	<u>17,916,283</u>	<u>18,611,606</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(122,181)	9,262
Fees payable to the company's auditor for the audit of the company's financial statements	24,000	24,000
Depreciation of owned tangible fixed assets	315,448	267,532
Loss on disposal of tangible fixed assets	10,000	6,028
Operating lease charges	134,511	120,000

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Employees

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

	2020 Number	2019 Number
Manual	96	94
Clerical and technical	32	30
	<u>128</u>	<u>124</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,189,612	3,000,177
Social security costs	288,865	260,897
Pension costs	122,093	98,915
	<u>3,600,570</u>	<u>3,359,989</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	295,812	276,885
Company pension contributions to defined contribution schemes	27,839	27,839
	<u>323,651</u>	<u>304,724</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	105,509	104,990
Company pension contributions to defined contribution schemes	10,000	10,000
	<u>115,509</u>	<u>114,990</u>

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

7 Interest receivable and similar income		
	2020	2019
	£	£
Interest income		
Interest on bank deposits	12,907	11,550
Income from fixed asset investments		
Income from shares in group undertakings	-	840,524
Total income	<u>12,907</u>	<u>852,074</u>
8 Interest payable and similar expenses		
	2020	2019
	£	£
Interest on bank overdrafts and loans	11,089	12,338
Other interest	-	1,520
	<u>11,089</u>	<u>13,858</u>
9 Taxation		
	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	88,382	255,902
Adjustments in respect of prior periods	(7,532)	-
Total current tax	<u>80,850</u>	<u>255,902</u>
Deferred tax		
Origination and reversal of timing differences	<u>86,710</u>	<u>7,076</u>
Total tax charge	<u>167,560</u>	<u>262,978</u>

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

9 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	926,490	2,180,789
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	176,033	414,350
Tax effect of expenses that are not deductible in determining taxable profit	9,436	10,543
Depreciation on assets not qualifying for tax allowances	7,178	5,080
Research and development tax credit	(17,555)	(7,295)
Under/(over) provided in prior years	(7,532)	-
Dividend income	-	(159,700)
Taxation charge for the year	167,560	262,978

10 Dividends

	2020 £	2019 £
Final paid	100,000	60,000

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2019 and 31 March 2020	2,025,104
Amortisation and impairment	
At 1 April 2019 and 31 March 2020	2,025,104
Carrying amount	
At 31 March 2020	-
At 31 March 2019	-

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Tangible fixed assets

	Long Leasehold £	Improvements to property £	Plant & machinery £	Total £
Cost or valuation				
At 1 April 2019	1,600,000	328,665	4,518,102	6,446,767
Additions	-	101,936	585,929	687,865
Disposals	-	-	(308,643)	(308,643)
Revaluation	215,000	(430,601)	-	(215,601)
At 31 March 2020	1,815,000	-	4,795,388	6,610,388
Depreciation and impairment				
At 1 April 2019	25,882	56,876	3,345,628	3,428,386
Depreciation charged in the year	25,882	36,733	252,833	315,448
Eliminated in respect of disposals	-	-	(254,973)	(254,973)
Revaluation	(51,764)	(93,609)	-	(145,373)
At 31 March 2020	-	-	3,343,488	3,343,488
Carrying amount				
At 31 March 2020	1,815,000	-	1,451,900	3,266,900
At 31 March 2019	1,574,118	271,789	1,172,474	3,018,381

Long leasehold properties were valued by Morgan Williams Chartered Surveyors, an independent valuer, in March 2020. The valuation of £1,815,000 has been incorporated into these financial statements. This valuation figure should be read in conjunction with the report which was carried out on a Market Value basis and was in accordance with RICS Valuation - Global Standards 2020.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020 £	2019 £
Cost	1,848,960	1,418,359
Accumulated depreciation	(556,007)	(446,831)
Carrying value	1,292,953	971,528

13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	14	1,262,429	1,262,429

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 & 31 March 2020	1,262,429
Carrying amount	
At 31 March 2020	1,262,429
At 31 March 2019	1,262,429

14 Subsidiaries

These financial statements are separate company financial statements for Pentre Group Limited.

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

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Pentre Deutschland	1	Reel assembly and repairs	Ordinary	100.00	-
Pentre Farres S.L.	2	Plywood reel manufacturer	Ordinary	100.00	-
Pentre Kovo CZ Spol. s.r.o	3	Steel reel manufacturer	Ordinary	100.00	-
Pentre Overseas Holdings Limited	4	Holding company	Ordinary	100.00	-
Pentre Properties Limited	5	Property investment	Ordinary	100.00	-

Registered office addresses (all UK unless otherwise indicated):

- 1 Pelmanstr, 46, 45131 Essen, Germany
- 2 Calle Can Carrero N3, Les Franqueses Del Valles, 08520, Barcelona, Spain
- 3 Hurviny 2795, Rakovnik II, 270 36, Czech Republic
- 4 Unit 2 Penfield Road, Leigh, Lancashire, WN7 3PG
- 5 Unit 2 Penfield Road, Leigh, Lancashire, WN7 3PG

The shares in Pentre Kovo Spol. s.r.o. and Pentre Deutschland GmbH are held by a subsidiary undertaking and represent 100% of the issued share capital.

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

15 Stocks

	2020	2019
	£	£
Raw materials and consumables	1,030,968	1,086,294
Work in progress	621,261	570,733
Finished goods and goods for resale	394,982	421,498
	<u>2,047,211</u>	<u>2,078,525</u>

16 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	4,120,145	5,041,271
Corporation tax recoverable	21,466	-
Amounts owed by group undertakings	6,233,451	6,233,353
Other debtors	99,046	55,302
Prepayments and accrued income	190,437	236,670
	<u>10,664,545</u>	<u>11,566,596</u>

	2020	2019
	£	£
Amounts falling due after more than one year:		
Other debtors	12,400	-
	<u>12,400</u>	<u>-</u>
Total debtors	<u>10,676,945</u>	<u>11,566,596</u>

17 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,587,581	1,548,983
Amounts owed to group undertakings	3,208,079	2,944,763
Corporation tax	-	146,054
Other taxation and social security	201,544	181,628
Accruals and deferred income	235,442	289,149
	<u>5,232,646</u>	<u>5,110,577</u>

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

18 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	19	267,239	180,529

19 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	267,239	180,529
Movements in the year:		2020 £
Liability at 1 April 2019		180,529
Charge to profit or loss		86,710
Liability at 31 March 2020		267,239

The deferred tax liability set out above is expected to reverse within 4 years and relates to accelerated capital allowances that are expected to mature within the same period.

20 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	122,093	98,915

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

21 Share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid		
29,265,810 Ordinary shares of 10p each	2,926,581	2,926,581

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Operating lease commitments

Lessee

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

	2020	2019
	£	£
Within one year	160,664	120,000
Between two and five years	589,102	480,000
In over five years	-	80,000
	<u>749,766</u>	<u>680,000</u>

23 Financial commitments, guarantees and contingent liabilities

There is an unlimited cross guarantee in favour of National Westminster Bank Plc between Pentre Holdings Limited, Pentre Group Limited, Pentre Engineering Limited, Pentre Properties Limited and Pentre Overseas Holdings Limited.

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020	2019
	£	£
Acquisition of tangible fixed assets	<u>103,110</u>	<u>-</u>

25 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption available whereby it has not disclosed transactions with other companies that are wholly owned within the group.

In the year the company paid a directors fee amounting to £4,000 (2019: £4,000) to SAS Daniels LLP, a partnership in which the director J P Orrell is a partner and who has beneficial interests. Legal and consultancy fees amounting to £5,614 (2019: £3,728) were also charged in the year and at the balance sheet date £4,479 (2019: £3,719) was owing to the partnership.

PENTRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Ultimate controlling party

The company is a wholly owned subsidiary of Pentre Holdings Limited, a company registered in England and Wales. The ultimate parent of Pentre Holdings Limited is Pentre Group Holdings Limited, a company also registered in England and Wales.

The registered office of Pentre Holdings Limited and Pentre Group Holdings Limited is Unit 2, Penfield Road, Leigh, Lancashire, WN7 3PG.

Copies of the consolidated financial statements for Pentre Group Holdings Limited; this being the largest group of which the company is a member, and for Pentre Holdings Limited; this being the smallest group of which the company is a member, can be obtained from the Company Secretary, Unit 2, Penfield Road, Leigh, Lancashire, WN7 3PG.

The ultimate controlling party is M F Seymour by virtue of his 100% shareholding in Pentre Group Holdings Limited.